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Saddam Hussein Time is on

his side



Markets still matter

Why the world's conservative revolution is not over



Nuclear cuts

Ukraine holds the kev

Tomorrow's Weekend FT

Zululand: a warrior nation awakes



## FINANCIAL TIMES

Europe's Business Newspaper

#### Van den Broek and Brittan try to \* settle differences

The European Commission's effort to beef up the EC's foreign affairs portfolio has run into difficulties, with Sir Leon Brittan, the commissi responsible for trade relations, and Hans van den Broek, who holds the external political portfolio, jockeying for power.

Officials described as amicable talks the two held to clear up the confusion but predicted Com-mission president Jacques Delors would have to step in to settle their differences. Page 2

Asset switch: The Chinese government's main domestic and international investment agency unveiled a HK\$10bn (\$1.29bn) asset reshuffle which will see its listed Hong Kong entity take a 12 per cent interest in Hongkong Telecom and control-ling stakes in power stations on the Chinese mainland. Page 15; Private sector in China, Page 13

Virgin on verge of libel victory



Virgin Atlantic, the independent British airline run by Richard Branson (left), is expected to emerge next week as the victor in its "dirty tricks" libel battle with British Airways. It is understood that, under the terms of an agreement, to be announced in court,

BA will pay substantial damages and several million pounds in costs to Virgin Atlantic and Mr Branson, Report and Lex, Page 14; Airbus steps up Japanese discussions, Page 4; France confirms Taiwan jets sale, Page 4; Deal sought on US-UK air links, Page 6

Passive smoking deaths: About 3,000 US non-smokers die from lung cancer caused by exposure to tobacco fumes each year according to a report from the federal agency responsible for air and water quality. Page 14

Neclioyd, Dutch transport group, said Torstein Hagen, the Norwegian investor who was admitted to the supervisory board in October after a long battle with the company's management, has resigned his seat. Page 17

Peace pleas Cyrus Vance and Lord Owen, the international mediators, have called for Serbian president Slobodan Milosevic to attend "last chance" peace talks on Bosnia-Hercegovina, due to resume in Geneva on Sunday. Page 14

American Telephone & Telegraph, angered by an alliance between rival MCI Communications and Canada's dominant telephone consortium. has forged an alliance of its own with Unitel Communications of Toronto, the newest company. in the Canadian long-distance market. Page 15

unveiling the 1993-94 budget which included the removal of Rp3,000bn (\$1.45bn) in fuel oil subsidie said the country should prepare for a fundamental change in the economy when, by the end of the century, it becomes a net oil importer. Page 3

Israeli move: Israel made its first concession on the late of 415 Palestinians expelled to south Lebanon, agreeing to allow two Red Cross officials to visit the encampment housing the alleged Islamic fundamentalist militants, Page 3

IRI, Italian state holding company, is to break up and partially dispose of its SME foods, catering and retailing unit in what could be one of the country's biggest sales this year. Page 15

**Mokia:** The Finnish electronics group said it had won an FM700m (\$134.7m) order for a digital telephone system from Malaysia, in a move which strengthens the company's position in the expanding Asia-Pacific market. Page 4

Defence fears: US president elect Bill Clinton's choice to be the next defence secretary warned that the new administration might find it difficult to cut defence spending by only as much as projected by departing president George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign. Page 5

Marines attack: US marines dealt a devastating military blow to Gen Mohamed Farrar Aideed, Somalia's strongest warlord, seizing a huge arsenai of tanks, armoured personnel carriers, battle wagons and heavy artillery pieces in a dawn attack in Mogadishu. Page 3; Picture, Page 14

Talks speeding up: The next two weeks will see a sharp increase in the tempo of negotiations to agree a "solidarity pact" in Germany between central and local government, opposition, trade unions and employers. Page 2

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San Special Section

FRIDAY JANUARY 8 1993

### Iraq starts to move missiles as UN deadline nears

By Jurek Martin in Washington and Robert Mauthner in London

IRAQ yesterday began moving its anti-aircraft missiles from threatening positions near the no-fly zone in the country's south, the US defence department said. It had no immediate information about where they were being moved, and concern remained that they were merely being transferred to better fortified

emplacements. Officials insisted it was "premature" to conclude that Presi-

dent Saddam Hussein was making a "positive response" to the 48-hour ultimatum of United Nations-sanctioned military retaliation, due to expire tonight. They noted that Mr Saddam

had frequently employed the tac-

tic of "cheat and retreat" in testing the resolve of the US and its Earlier, Baghdad had defied the UN ultimatum. Mr Tariq Aziz, deputy prime minister, was quoted by the official Iraqi news agency as saying that "it is the right of Iraq to deploy air

defences throughout the country". He also denied that Iraq was using the impending change of government in Washington as an opportunity to improve its mili-tary posture. Unless it was clear that the missiles had been moved out of the air exclusion zone, British officials said allied aircraft would attack military targets in Iraq within hours of the

ultimatum expiring. The Soviet-made SA-2 and SA-3 missile batteries were moved adjacent to the 32nd parallel after the downing on December 27 of

an Iraqi MiG aircraft by US jets not comply with the demand by when it violated the UN-proscribed no-fly zone.

President George Bush was described as resolute following a morning meeting with Republi-can congressmen. President-elect Bill Clinton's spokesman also said he was in agreement with the policies pursued by Mr Bush. There will be no toleration of any violations of the UN resolutions by Saddam," Mr George Stephanopoulos said.

Britain warned Iraq of "very serious" consequences if it did

France to remove the missiles from the no-fly zone.

Mr Zuhair Ibrahim, head of the Iraqi interests section at the Jor-danian Embassy in London, was summoned to the Foreign Office for a 10-minute meeting. British-Iraqi diplomatic relations were broken off at the start of the Gulf war in 1991.

Iraq's ambassador to the European Community, Mr Zaid Hai-dar, said Baghdad did not recog-nise the no-fly zone because it had not been sanctioned by the United Nations.

Mr Haidar also rejected a Kuwaiti accusation that Iraqi border forces attacked one of its frontier posts. Kuwait's interior ministry said 25 personnel from an Iraqi frontier post opened fire on the border post 50 miles north of Kuwait City on Tuesday night. UN observers said they were investigating the incident.

Editorial Comment. Page 13 Dangers behind the stand-off with Iraq, Page 3

## **Bundesbank** raises hope of early cut in discount rate

By Christopher Parkes In Frankfurt and James Biltz In

THE BUNDESBANK eased its short-term money market interest rates yesterday, raising specu-lation that cuts in its Lombard and discount lending rates could

come as early as next month. The central bank council's decision to relax the terms applied in its securities repurchase operations with banks was a "small but psychologically important signal that rates are off the top", said Mr Richard Reid of Union Bank of Switzerland.

The cut in money market rates helped to ease some of the recent tensions inside the European exchange rate mechanism, pushing the French franc further away from its floor against the Mr Avinash Persaud, a cur-

rency economist at UBS Phillips and Drew in London, said: "This marks the passing of the peak of However, the move had little impact on the punt, which con-tinued to trade below its floors

Dutch guilder. Council members decided at yesterday's unusually lengthy meeting that the so-called "repo" rate would be reduced to 8.60 per cent from recent levels of 8.75 per

against the Belgian franc and the

Mr Helmut Schlesinger, Bund-

#Germany cedes the lead on European Interest rates ■ Bonn to speed talks on pact West German jobless total

Page 2 Page 14 **■** Currencies Page 34

increased by bad weather

esbank president, said later that the move was "not a signal, but a continuation of our existing policy of relaxation in money mar-

There were suggestions yester-day that the Bundesbank would await the outcome of talks on this year's public sector wage round and state budget in Germany before taking any more decisions on whether to ease pol-

However, yesterday's move was widely read as an indicator that the hank wanted to, and was preparing to, reduce other rates. "The bank is engaged in a very

exercise, getting people used to the idea that changes are comsaid Mr Martin Hüfner, chief economist at the Bayerische He expected cuts in the leading

rates within the next two months, while Mr Axel Siedenberg at Deutsche Bank Research suggested that change could come within four to six weeks if the central bank continued cutting the "repo" rate, which has recently been steered down by more than 100 besis points.

Most German experts had expected Lombard and discount rate reductions at the end of March or later.

Mr Theo Waigel, finance minis-ter, who has been exercising discreet pressure for relaxation in monetary policy in the light of deteriorating domestic economic conditions, said the latest move would give a positive impulse to international economic development, in Europe especially.

But Mr Wolfgang Roth, eco nomics spokesman for the Social Democrat opposition, accused the bank of neglecting its domestic and international responsibilities. Mr Schlesinger, who on

Wednesday firmly squashed lingering hopes of a cut this week in leading lending rates, said yester-day's decision followed "an exhaustive debate on the monetary and currency situation". Local experts, who suggested

probably been released early by the economics ministry in an attempt to influence the council, dismissed some interpretations that the move was intended to help relieve pressure on the French franc, still close to its floor within the ERM. "If they wanted to help, they

would have cut the Lombard and discount rates," Mr Hüfner



Bundesbank president Helmut Schrisinger: easing is 'not a signal'

#### Ireland doubles overnight loan rate

IRELAND'S central bank was forced yesterday to raise its lending overnight rate from 50 per cent to 100 per cent as the punt continued to come under intense pressure inside the European exchange rate mechanism, write Tim Coone in Dublin and James Blitz in London. The Bundes-bank's decision to trim its shortdated money market rates raised hopes that the ERM might survive recent tensions, and allowed a number of European countries - including Belgium and the Netherlands - to cut their interest rates.

However, the punt continued to face selling pressure and traded at its floors against two of the strongest ERM currencies, the Belgian franc and the Dutch

The Central Bank of Ireland decided to raise its overnight rate to the new level after official ERM trading closed in Lon-

don at 4pm.
The Belgian and Dutch central banks cut their rates in moves which underlined the easier pol-icy stance shown by the Bundesbank. The Dutch central hank reduced three important rates promissory note rates - by 25 basis points to 7.5, 8.0 and 8.5

per cent respectively.

The Belgian central bank cut its discount and emergency lending rates by 25 basis points to 7.50 and 10 per cent respectively. The Swiss national bank cut its discount rate by half a point to 5.5 per cent. The Austrian centrai bank cut its discount rate to

7% per cent from 8 per cent.

### Couturier Escada plans sale to prop up balance sheet

By David Waller in Frankfurt

ESCADA, the up-market German fashion house which was one of the success stories of the 1980s, is struggling to stave off mounting financial difficulties.

Yesterday, it announced that it would sell one of its subsidiaries to prop up its balance sheet. It also reported an operating loss for the 12 months to the end of October 1992, and the erosion of a third of shareholders' equity.

The shares fell by 10 per cent

yesterday and the day before. They closed at DM108 last night, a drop of 87 per cent from last year's high of DM855. Escada said that once it had completed the sale of the unnamed subsidiary, its balance sheet would be be as strong as at the end of the previous financial

Eascada, founded in 1976 by Mrs Margartha Ley and her husband, was enthusiatically received when it came to the stock market in 1986. Acquisitions helped it double its sales between 1989 and 1991, to DM1.36bn (\$850m) a year.

Mrs Ley fell ill, however, and died in June 1992. Since then, the company has lost investors'

the recession for its problems, adding that it had been particularly surprised by the severity of the recession in Germany last autumn

Escada's three traditional labels - Escada, Laurel and Crisca - have attracted affluent women customers, willing to pay DM2,000 for a suit.

It specialises in designing good-quality clothes for women who, in the words of Ms Deborah Catsikeas at stockbrokers James Capel in London, "are so successful - or at least their husbands are so successful - that they don't need to work at all."

Escada's clothes were as popular with the new rich of Moscow as with Mrs Norma Major, wife of the British prime minister, and with wealthy wealthy Pari-siennes and New Yorkers.

The company has had difficulty in integrating recent acquisi-tions, especially Schneberger and Kemper, bought in 1987 and 1988 respectively. These purchases took Escada into a lower segment of the market than its core busi-

The company said that despite the recession, sales for the year to October 1992 would probably hold up at the same level as the previous year. Profits in 1991 fell The company yesterday blamed 23 per cent to DM45.1m.

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#### Calls grow for probe into safety of tankers

By James Buxton in Sumburgh and David Owen and Deborah Hargreaves in London

A POLITICAL row broke out in Britain yesterday over the terms of the government's inquiry into the Braer tanker disaster off Shetland.

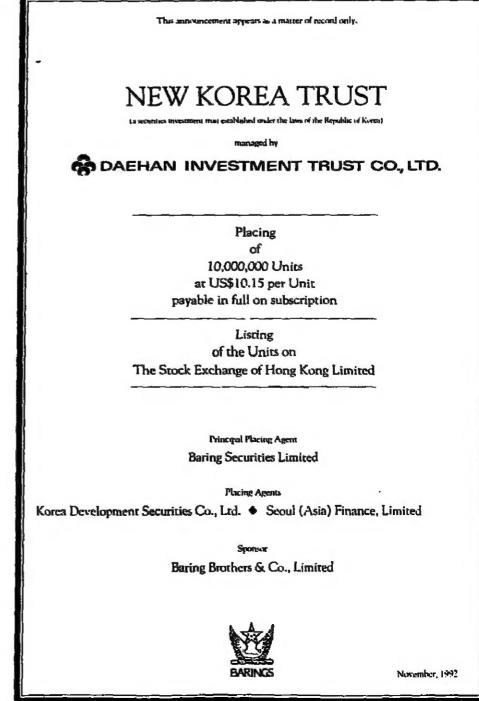
As gales prevented salvage teams from boarding the vessel to see how much of the tanker's cargo of 84,000 tonnes of crude remained in its tanks, Members of parliament and maritime unions called for the inquiry to be broadened to cover all aspects of tanker safety.

Mr Brian Orrell, assistant general secretary of Numast, the shipping officers union, said the government "is skirting round the real issue." The union would like to see the inquiry broadened to cover the "horrendous decline

in safety at sea." Mr John MacGregor, transport secretary, said his department's Marine Accident Investigation Branch would investigate six areas: the causes of the accident; the action taken to prevent it; the action taken after the event; the seaworthiness of the vessel; the competence of the crew; and the

Continued on Page 14

US debate on regulations, Page 6



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**Asylum** 

law may

By Judy Dempsey in Bonn

PARLIAMENTARY approval of

constitutional amendments to Germany's liberal asylum laws

is expected to be postponed

until next month because of

concern among legal experts that they are incompatible

with the European Communi-

ty's Dublin and Schengen agreements.

Those agreements, yet to be ratified by all EC member

states, are aimed at regulating

the status of refugees in any EC country. In essence, they state that the EC country which issues a visa to a refu-

gee or would-be asylum seeker.

is responsible for that person

even if he or she enters

another EC country in transit.

However, amendments worked out last December

between the ruling Christian

Democratic Union/Christian

Social Union and Free Demo-

crats coalition government,

and the opposition Social Dem-

ocratic party in response to the rise in right-wing violence

face

delay

## Germany cedes the lead on European rates

David Marsh on how inflation robbed Frankfurt of its place as the EC's interest policy model

URING most of the 14 years of operation of the European Mone-tary System (EMS), one coun-try habitually has had the EC's lowest short-term interest

rates: Germany.
As part of the seismic shift in the European monetary landscape caused by the strains of German re-unification, that has changed.

Beset by an inflation rate of close to 4 per cent - twice as high as the Bundesbank would like - and a high budget deficit, Germany has lost its place as the Community's interest rate paradigm.

With Europe suffering its period of slowest growth for more than a decade, all countries are easing their monetary policies. But Germany – as was underlined by the low-profile action from the Bundesbank yesterday - is adopting a more cautious

stance than the others.

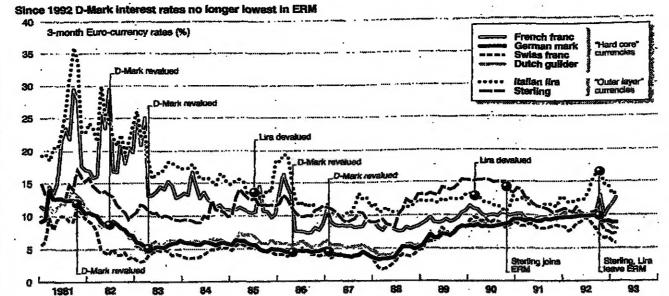
D-Mark interest rates are therefore being undercut by a number of countries both within and outside the exchange rate mechanism The Bundesbank's main obligation is to control German inflation, not to solve the difficulties of weaker currencies in the EMS. The central bank is still far from confident that German inflationary pressures have been brought under con-

Among the 17 members of the EC and the European Free Trade Association, only five – Austria (4.1 per cent), Italy (4.7 per cent), Spain (5.2 per cent), Portugal (8.7 per cent) and Greece (15.9 per cent) - have higher inflation rates than Germany's 3.8 per cent. Yesterday's cuts in Dutch

and Belgian official interest dence since December 1991. Whereas in the past the Bund-esbank's monetary moves nearly always triggered identical policy action in neighbour-ing countries, other EMS members are now able to take a more independent line.

The same is true of Switzerland and Austria, two countries outside the EMS which traditionally have kept their currencies and their monetary policies closely aligned to Germany's.

Hours before the Bundesbank's council completed its How European interest rates have converged



deliberations, Switzerland felt bold enough to cut its discount rate 0.5 percentage points to 5.5 per cent, taking it 2.5 points below the corresponding Ger-

Within the EMS, Germany now has four "hard core" part-ners which have kept their exchange rates close to the D-Mark in recent years: the Netherlands, Belgium/Luxembourg, France and Denmark. The first two now have lower short-term interest rates than

those in Germany.
Yesterday, three-month
Euro-D-Mark rates stood at 8.5
per cent, against 8.3 per cent
for the Belgian franc and 8.3 per cent for the guilder. The Dutch and Belgian cen-

tral banks have been able to act independently of the Bund-

esbank in making several suc-cessive cuts in key interest rates since September's Euro-The Belgian National Bank,

which formally pegged its cur-rency to the D-Mark in 1990, stressed yesterday that it acted "in concert" with the Netherlands central bank. Both the Dutch and the Bel-

Combination of recession and harsh weather adds to job cuts and short-time working

the grounds of their currencies' strength within the exchange rate mechanism. Both central banks this week have had to intervene to sup-

port the Irish punt. Explaining that the guilder's external strength gave the Nederlandsche Bank more leeway to cut rates, a Dutch offi-cial said yesterday: "We are abiding by the rules of the

game. We are at the top of the ERM grid." The Swiss National Bank's go-it-alone move on the dis-count rate marks a further attempt to take advantage of the central bank's small margin of monetary policy inde-

In December 1991, the bank decided not to follow the Bundesbank when it raised its rates by 0.5 percentage points. But the Swiss franc fell rapidly once the gap with German rates widened – leading the National Bank to drive up interest rates and rein in monetary growth in the early sum-

After the autumn monetary unrest revived the Swiss franc's attractiveness as a haven currency, it strength-ened considerably, Furthermore, amid continued recession in the Swiss economy, the Swiss National Bank's main target, the monetary base, showed a 1 per cent contrac-tion between the fourth quar-

ters of 1991 and 1992.

A spokesman for the Swiss
National Bank yesterday underlined how the bank was taking no risks yesterday in cutting the discount rate. "We are confident that the Swiss franc will remain a stable currency this year," he said. Additional reporting: lan Rodger in Zurich and Andrew Hill in Brussels

against foreigners, might mean that Germany would not be able to participate in the Dublin and Schengen agreements. One main amendment to the asylum law, enshrined in Article 16 of the constitution, says Germany has the right to send back any person entering the country from a safe neigh-bouring third country, including Poland, the Czech republic and the Slovak republic. Over 70 per cent of asylum seekers arrive in Germany by land, some 10 per cent through air-

Even if the asylum law is passed by the Bundestag, or further amendments are made to conform with the Dublin and Schengen agreements, & argue these will not curb extreme right-wing nationalist movements, or reduce the sense of alienation among the country's 6m foreigners who have no citizenship rights.

#### 'No more nuclear arms cuts for now'

By David White, Defence Correspondent

THE VEXED issue of whether British and French nuclear arsenals should be included in the arms control process may not have to be addressed for some years, a senior US official

indicated yesterday. Mr Ronald Lehman, director of the US Arms Control and Disarmament Agency, said he did not expect a further round of nuclear arms cuts for the time being. Implementation of this month's Start 2 treaty. designed to reduce US and Soviet strategic stockpiles to 3.000-3,500 warheads each.

would "keep us quite busy". The priority for the US was to reach agreement on help to Russia so that the Start cuts, not due to be completed until 2003, could be accelerated. On widening nuclear disarma-ment, he said: "We have had enough difficulty dealing with the US, the Soviet Union and now Russia. It may be a bit premature talking about the

next leap." The Start 2 pact rested on assuming all strategic weapons held in Ukraine, Belarus and Kazakhstan would be gone within the seven-year completion period of the original Start l pact of 1991. Speaking on a Worldnet satellite TV link, Mr Lebman was sure Ukraine would join the Nuclear Non-Proliferation Treaty. The US had pledges that all short-range nuclear arms formerly dispersed around the Soviet republics had been

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## Bonn to speed

By Quentin Peel in Bonn

THE next two weeks will see a sharp increase in the tempo of negotiations to agree a "soli-darity pact" in Germany, between central and local government, opposition, trade unions and employers, before

talks on pact

the end of the month. Senior officials said yester-day that Chancellor Helmut Kohl remained committed to the idea of a broad agreement on budget cuts, wage restraint and increased private-sector investment, in order to boost the east German economy.

It would be submitted to the parties in the German Bundestag by the end of January.

A deal is seen as essential to pave the way for a cut in interest rates by the Bundesbank. The bank has been insisting on clear evidence of wage restraint from the unions, and budget discipline from central and local government, before it relaxes its tight monetary pol-

Government and trade union officials dismissed claims yes-Democrats that the negotiations had collapsed because of the insistence of Mr Kohl and Mr Theo Waigel, his finance minister, that savings must include significant cuts in

The need for social spending cuts is one main conflict area, while another is how to share the burden of spending cuts between the central government, the 16 federal Länder, and local authorities. How far

the trade unions can go in publicly committing themselves to wage restraint, in both east and west Germany, is also

open to question.

The first round of talks of the year is scheduled for the weekend, when Mr Waigel will meet a committee of finance ministers from the Lander in Stuttgart, to try to agree on measure: to keep their spend-ing plans to a maximum 3 per cent growth. If they fall, Mr Kohl will be advised by his officials to take over the negotia-

Talks also begin today on a public-sector pay deal. The trade unions are seeking a pay rise of up to 5.5 per cent, while the government side wants to keep the increase to a maximum 3 per cent.

The most obvious sign of progress in the solidarity pact talks has been the agreement by Mr Kohl to draw up a new industrial policy for east Germany. The aim is to preserve "core industries", even if they cannot immediately be sold off

to the private sector. define which industries can be saved, and how long to give them to restructure before cutting off support.

Officials say a general will-ingness exists in the business sector to step up investment in east Germany, provided a clear commitment is made by the trade union side on wage restraint. The pact could end up as a joint declaration of all participants, or a series of inde-

#### **Jobless** total grows in western Germany

By Christopher Parkes

THE combined effects of harsh winter weather and recession pushed 150,000 west Germans out of work last month, raising the jobless total to more than 2m. Numbers on short time surged by 180,000, the federal

labour office said yesterday.

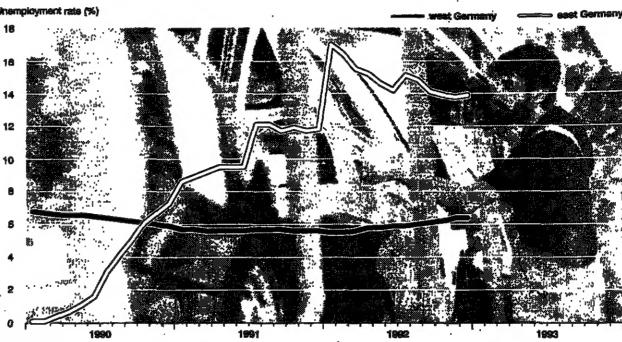
Mr Heinrich Franke, labour
office president, who recently forecast average unemployment this year of 2.1m, blamed the weather for the sharp increase. The seasonally-adjusted total for December was 1.97m, up just 20,000, he said.

However, the critical underlying trend in the labour market was highlighted by the jump in short-time working and figures from the federal statistics office which showed that numbers employed in the west feil during November for the first time since the mid-

German industry's capacity to create jobs faded markedly during the year as economic decline accelerated and companies unvelled medium-term plans to slash tens of thousands of jobs.

Some 650,000 people were effectively laid off during the month compared with 478,000 in November and 173,000 In December, 1991. The figure was swollen by leading vehicle

#### German unemployment



Volkswagen staff are among many carworkers in Germany taking an extended Christmas break, with short time working expected to continue until the spring. The numbers on short time surged by 180,000 last month

home before Christmas for the month. The labour market two months showed a 6 per million the year before.

According to the labour office, the average unemployment rate in west Germany last year was 6.4 per cent compared with 5.7 per cent in 1991. in the former East Germany the number unemployed in December was 1.1m, barely changed on the month, although a little below the

year's average of 1.17m. Mr Franke pointed out that a further 355,000 easterners were still occupied in state-funded

was "stagnant," he said, and cent slump and a 9.4 per cent there was still no sign of any improvement.

Western industry's plight was further underlined by a renewed fall in incoming orders. The value of new contracts signed in November was a real 10.5 per cent lower than a year earlier and 0.6 per cent down on October, the economics ministry said reported yes-

A comparison of aggregate orders received in October and November with the previous

decline against the comparable period in 1991.

• The growth in unemploy ment was yesterday linked to an estimated 10 per cent rise last year in the number of crimes committed in Germany, a top policeman said yesterday, Reuter reports from Bonn. Mr Hans-Ludwig Zachert,

head of Germany's Federal Crime Office, said early figures showed nearly 6m crimes in all of Germany in 1992, a record number, compared with 5.3

in economically depressed east Germany where only 30 per cent of cases were solved, were failing to keep up with the crime wave.

"This further rise in crime is characterised by an enormous burst of aggression," Mr Zach-ert said. "More and more perpetrators, especially during robberies, are markedly brutal. In 1992 there was more shooting and more threats using arms than ever before."

### French industry given FFr11bn VAT lifeline

By William Dawkins in Paris

THE French government yesterday threw a FFr11bn (\$2bn) lifeline to businesses, to help them through the high interest rates needed to defend

Mr Pierre Bérégovoy, the prime minister, announced that companies will be able to in future months, said Mr Béréclaim back a proportion of govoy. This would "lighten monthly purchases faster than consequences of the temporary

before. Companies can in their February VAT returns deduct 10 per cent of the VAT due on their January purchases, on top of the deductions on December purchases that would normally figure in next month's returns.

They will be able to make the same advance deductions

rise in interest rates," said the Budget Ministry.

The measure received a cool welcome from the Patronat employers' association, which called it "partial and limited" despite the fact that employers lobbied unsuccessfully for just such assistance in last autumn's budget. It will further increase the current year's government deficit, already set at FFr165bn in the

French interest rates are among the highest in real terms in Europe. On Tuesday the central bank raised one of its official rates to fend off fresh speculation against the French franc. The govern-ment's hard franc policy obliges it to wait for a significant drop in German rates before it responds to demands from business and some members of the right wing opposito stimulate the flagging economy and reverse the growth in

unemployment. Industrial investment will show no real recovery this year after falling by 5 per cent in 1992, according to a study ear-lier this week by Barique Nationale de Paris. BNP expects French companies' operating profits to rise by 1 per cent this year, a marked slowdown from the 4 per cent rise of last year.

### Danish stores in frontier fightback

By Hilary Barnes in

DANISH retailers have
launched an
offensive to try
to stop their
customers
exploiting the
European single Luropean single market to buy goods more cheaply south of the border in Germany.

Service-Ringen, a Copenhagen-based stores chain spe-cialising in electrical goods, is leading the campaign to circumvent a 10 point difference in German and Danish rates of value added tax.

The group is inviting customers to choose goods at one of its Danish stores. Delivery is then made from one of its outlets in Germany, where VAT is only 15 per cent, against 25 per cent in Denmark.

The purchases carry normal Danish guarantees and service contracts. Mr Ken Zillmer, the group's managing director. said customers making typical purchases were saving between DKr300 (\$48) and

DKr600 in VAT.

Sales are "excellent", he said. "We know that our customers will run hard just to save DKr100. Now that they can save DKr300-500, they are running even harder."

The customer has to pay for transport. Under EC rules, laid down to prevent mail order

ences, German stores are not allowed to provide transport to a Danish address.

However, transport compa-

nies are displaying advertise. ments in Service-Ringen stores offering to bring back pur-chases from Germany to Denmark for DKr170, including VAT at the German rate. Other leading Danish stores selling furniture, carpets and electrical goods are watching Service-Ringen's venture with

a view to starting up their own German supply systems. The Fieggaard group, which operates stores just south of the border with Germany, will accept orders for electrical goods by telephone. It is also offering to sell yacht sails made by one of Denmark's topflight sail-makers, allowing

savings. Fleggaard plans to offer Danes savings on goods pur-chased at any store in Denmark, provided they spend at least DKr20,000.

thousands of kroner in VAT

A Fleggaard company in Denmark will buy the goods from the Danish store, re-sell it to its German store, and invoice the customer from Germany. The legality of this system is still being discussed. Danish retailers' aim is to persuade the Danish government to lower the VAT rate.

Financial Times (Scandinavia) Vimmelskaftet 32A. DK-1161 Copenhagen-K. Denmark. Telephone (13) J3 44 41. Fax (33) 935335. However, Mr Peter Brixtofte, minister for taxation, said, "We are keeping an eye on the situation, but we have no plans to

## commissioners in territorial wrangle

By Lionel Barber in Brussels

THE European Commission's effort to beef up the EC's foreign affairs portfolio has run into difficulties, with commissioners and civil servants jockeving for Sir Leon Brittan, the senior UK com-

missioner responsible for trade relations, tried to clear up the confusion during a lunch yesterday with Mr Hans van den Broek, the former Dutch for-eign minister who holds the external political portfolio. EC officials described the talks as amicable, but predicted that Commis-

sion president Jacques Delors would have to step in to settle differences between Sir Leon and Mr van den Broek, both political heavyweights.
The turf battle was caused by the Commission's decision to split the external affairs portfolio previously held by Mr Frans Andriessen, the long-

serving senior Dutch Commissioner

who departed last month. Mr van den Broek inherited external political relations and the lead role in nlargement" talks with applicants for EC membership - Austria, Sweden,



Hans van den Broek: wants to be

Finland and Norway. Sir Leon, previously responsible for competition, is to handle trade relations with industrial nations, including the Gatt multilateral trade talks, anti-dumping policy and aid to eastern Europe and the former Soviet Union. Last month, both men stressed



their common liberal and "Atlanticist" views, but difficulties have arisen over

One model is to divide the civil service according to geographic regions.

Others prefer a split between politics and economics, with Mr van den Broek

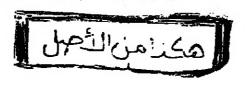
affectively the EC's "political supremo" - an ambition he clearly outlined at the first full meeting of the Commission on Wednesday when he spoke at length about the former Yugoslavia, Somalia and the plight of Palestinian refugees stranded in southern Lebanon. But EC officials admit that the world is not carved up so easily. For example, Sir Leon is expected to lead the EC side

when a high-level Japanese delegation arrives in Brussels on January 15 for talks on trade, investment and the global economy. Moreover, some countries such as Korea and Mexico resist being classed as developing countries, which are the responsibility of a third commissioner, Mr Manuel Marin of

The result is that no one in Brussels is sure which commissioner is directly responsible for relations.

To add to confusion, a new recruit to

the Commission is Mr Joso de Deus Pinheiro, the highly regarded former Portuguese foreign minister who is expected to pitch in on foreign affairs. "At this rate, we will have to organise a peace conference in Brussels to settle the differences," quipped one observer.



In spite of the latest sabre rattling by the west, Saddam Hussein continues to call the tune

## angers behind the stand-off with Iraq

By Roger Matthews, Middle East Editor

THE PERVERSITY of Middle East politics makes it probable that the longer the confrontation lasts between President Saddam Hussein and the western allies the greater will be the benefit to the Iraqi leader and others who want to undermine the more conservative regimes in the region.

The US, Britain and France would be bound to react militarily if surface-to-air missiles were to remain in the exclu-sion zone imposed south of the 32nd parallel last August. The missiles threaten allied aircraft and, like yesterday's skirmish at the Kuwaiti border, appear designed to provoke a

Limited air strikes against the missile batteries would make little difference to the sitnation on the ground and will not assist the Shia population in the south. Politically it seems unlikely to hasten Mr Saddam's departure. However, in the wider

NEWS IN BRIEF

Tokyo home

biggest fall

since 1979

Robert Thomson in Tokyo.

area saw a drop of 30 per cent

Prices in Osaka, the second

largest city, fell 9.8 per cent, and officials at the centre said

further declines are expected

this year in both Tokyo and

Osaka, as soundings of cus-

tomer intentions suggested

that many are not yet ready to

Hindu-Moslem

violence flares

Hindu-Moslem violence flared

in parts of Bombay yesterday

as rival groups battled with guns and swords, taking the death toil in two days of

clashes to nine with more than

50 injured. Reuter reports from

Indian President Shankar

Dayal Sharma meanwhile

issued a law acquiring the site of the mosque destroyed last month by militant Hindus in

the northern town of Ayodhya. • Indian police admitted that paramilitary security forces killed 53 people and torched scores of buildings in the Kash-

mir town of Sopore on Wednesday in revenge for an attack by

anti-Indian militants.

enter the market.

Bombay.

3. 1 THE

prices in

Islamic context, any allied ing that it Israel takes back 415 action could be presented in a very partial light. Further bombing of Mr Saddam's forces will contrast sharply with the perceived Allied indifference to the fate of Moslems in former Yugoslavia, Such vigorous western insistence on Iraqi compliance with UN resolutions will be set alongside the toleration of Israel's rejection of UN resolution 799 demand-

THE US, France and Britain have been able to

wield the threat of over-

whelming air power to back up the UN's ultima-

tum to Iraq over the recent deployment of anti-aircraft missiles in the country's

southern no-fly zone, writes David White, Defence Correspondent.

More than 200 US, French and British combat aircraft

deployed within striking distance of Iraq provide a force considered by the US

Palestinians it ejected from the occupied territories.

The west's friends in the Middle East were unhappy about the southern air exclusion zone when it was imposed. They feared the start of a process which would divide Iraq into three: the autonomous Kurdish region in the north, the Shias in the south, and the central portion controlled from

defence department to be easily sufficient for a puni-

Three quarters of these

fighters and bombers are

based in Saudi Arabia, including 20 F-117A "Stealth" aircraft — the type that led the air attacks on Baghdad in Jan-

uary 1991 – stationed at the southwestern base of Khamis Mushayt. Aircraft

concentrated at Dhahran in

eastern Saudi Arabia include US Air Force F-15s

tive action.

Iranian officials point out

that the two air exclusion zones incorporate the areas where Iraq's main oil fields and pumping stations are located, Kirkuk in the north and Basra in the south. They choose to see the US-led action as an extension of its policy to secure control of Middle East

embarked from the aircraft

carrier Kitty Hawk, cur-rently in the Gulf. The US also has specialised

anti-radar aircraft in place

- versions of the F-111 and

F-4 – equipped with jamming equipment and Harm anti-radar missiles.

Other aircraft at Dhahran include six British Tornado

bombers recently arrived

from Bruggen in Germany, and eight French Mirage

effect been militarily occupied. Kuwait, which will always feel vulnerable to its northern neighbour, is the only Gulf country which fully backs an American military presence. The fear for other countries, in particular Saudi Arabia, is that the allied air forces and navies are becoming a fixture.

After the Kuwait crisis it oil supplies, with Kuwait and was with a sense of huge relief Saudi Arabia having already in that the ruling family in Saudi

ALLIES CONFIDENT OF AIR SUPERIORITY 2000 fighters. The three allies also have some 52 combat aircraft at Incirlik in southeastern Turkey. The Iraqi air-defence mis-siles which gave rise to the latest confrontation provide relatively easily targets. The Soviet-made SA-2 and SA-3 are weapons of 1960s vintage, both guided by radar. If the radars were emitting they would be attacked with Harm missiles or the British equivalent, the Alarm.

Arabia watched the bulk of the US forces depart. The financial damage to the nation's exchequer had been substantial but the social and political fabric had survived with no more than a containable backlash from the more extreme clergy.

Evidence of Saudi sensitivity to international attention was again evident when visa requests from American journalists were refused last summer as US aircraft returned to Saudi bases to police southern

Now, more than ever, there is no obvious cut-off point or moment when victory could be declared and the Shias said to be safe from persecution. Worse than that, Saddam Hus-sein will see it in his interest to keep a US military force in the region as a way of deflect-ing attention in Baghdad from worsening economic conditions. In such an open-ended situation it is the Iraqi leader who can call the tune, while it may be the western allies who ultimately suffer more from

## Marine attack clips the wings of warlord

By Julian Ozanne In Addis Ababa

US MARINES dealt a devastating military blow yesterday to General Mohamed Farrar Aideed, Somalia's strongest warlord, as it became clear the general was increasingly isolated at peace talks in the Ethiopian capital Addis Ababa.

In a dawn attack Marines in Mogadishu, backed by M1 tanks and Cobra helicopter gunships, seized two compounds housing gunmen loyal to Gen Aideed and captured a huge arsenal of tanks, armoured personnel carriers, battle wagons and heavy artillery pieces.
The assault, which saw a 20-

minute exchange of fire, was the most weighty military strike by US forces since they landed in Somalia last month and marks a new "get tough"

In Addis Ababa, Gen Aideed, who is attending talks group-ing 15 Somali factions, refused to comment on the incident but his senior aides said the warlord was extremely angry. Delegates from other factions could hardly hide their joy at the way the general's wings

had been clipped.
"Good," said Mr Ali Mahdi,

Somalia's self-styled interim president and Gen Aideed's arch-rival. "It's very nice."

Another delegate said; "Aideed is in serious trouble now because he has been telling his Habir Gidir clansmen that the US is supporting him and now its clear that the US is not."

The news came as a newly formed loose alliance of 12 factions, aligned to Mr Mahdi. were consolidating their opposition to Gen Aideed in Addis Ababa. The 12 factions, includ-ing one which abandoned Gen Aideed's camp during the conference, yesterday called for US-led forces to disarm all factions and militias.

The 12 have also agreed a common peace position calling for disarmament to be followed by a nationwide ceasefire and a national reconciliation conference to be held on April 15-30 in either Mogadishu or Addis Ababa. Gen Aideed has blocked any accord so far between his three remaining

factions and the others. In Mogadishu Major General Charles Wilhelm said the Marines had hit Gen Aideed's compounds "with a fire storm" after warnings to surrender issued by loud hailers went unheeded. He said he had no

### Suharto budget makes hefty cut in fuel subsidies

By William Keeling in Jakarta

PRESIDENT Subarto of RESIDENTIAL property prices in Tokyo fell 14.5 per cent last Indonesiayesterday unveiled a budget for 1993-94 which year, the largest fall since an annual industry survey of allowed a marginal increase in prices began in 1979, and a sign government expenditure but of the pressure on financial included the removal of institutions heavily exposed to Rp3,000bn (\$1.45bn) in domestic the property market, writes fuel oil subsidies.

Mr Suharto said Indonesia, The MRD Nationwide Real Asia's largest oil and gas Estate Information Centre said exporter, should prepare for a "fundamental change" in its the sharp fall in Tokyo prices followed a decline last year of economy. By the end of the 13.5 per cent, while houses on century it would become a net the fringe of the metropolitan importer of oil, he said.

The scale of the fuel price increases for the home market were not specified, but donors such as the World Bank and Asian Development Bank have argued for the abolition of fuel

"The price increase in fuel oiis will be followed by similar increases in electricity tariffs and transport costs," he said. To cushion the blow for public ector employees. Mr Subarto announced a rise in civil service and Armed Forces wages

Mr Suharto forecast state revenue in 1993-94 would grow 11.1 per cent to Rp62,322bn, more than the rate of inflation currently running at about 6 per cent a year. Higher revenue is forecast from oil exports, accounting for 29 per cent of total revenue, with a budgeted price of \$18 per barrel income tax receipts are

year, Algeria was plunged into crisis: the

president resigned and the

country's new leadership

suspended elections, in effect declaring war on the opposi-tion Islamic Salvation Front

(FIS) which was poised to win

One year on, Algeria's prob-

lems seem further than ever

Hardly a day goes by without

members of the security forces

and Islamic fundamentalists

killing each other. The troops

and gendarmerie have failed to

destroy what the prime minis-ter, Mr Belaid Abdessalam, has

called the "spider's web" of

Moslem radical groups -many of whom appear to oper-

ate independently of the FIS.

Allegations of torture, which

have been growing since a law

a second round of voting.

from resolution.

Rp14,848bn. Economists warn both targets may be optimistic. The budget forecasts aid from foreign donors in 1993-94 of Rp9,553bn and puts the cost of servicing the \$50bn public foreign debt at Rp16,425bn. By law, government expenditure must not exceed revenue. The President Suharto announced over Rp3,000bn for road construction and power sector, education and agriculture

A budget of Rp660bn was also announced for science and technology, although donors say actual funding for stateowned industries involved in aircraft, shipping, telecommu-nication and munitions manufacturing is much higher.

Mr Suharto said the current

account deficit in the fiscal year beginning in April would be \$3.2bn, down from a forecast \$3.8bm in fiscal 1992. He said 1992 had been a year

of mixed fortunes with "strong inflationary pressures, a substantial current account deficit and a flow of commercial offshore loans which has almost exceeded the safe limit".

On the positive side non-oil/ gas exports rose by nearly 25 per cent to over \$14bn in the first 10 months of last year. This had "strengthened our confidence" in deregulation which would be expanded to other sectors such as agriculture, he said.



President Suharto announces a tough but upbeat budget which aims for higher exports

### **Israel lets Red Cross** visit Palestinians

By Hugh Carnegy in

ISRAEL yesterday made its first concession on the fate of 415 Palestinians expelled to south Lebanon, agreeing to allow two Red Cross officials to visit the encampment where the alleged Islamic fundamentalist militants have been stranded for three freezing

The announcement came shortly before a senior UN envoy was due in Jerusalem to make a second attempt to persuade Israel to abide by Security Council Resolution 799 demanding that those expelled be allowed to return home.

Premier Yltzhak Rabin was operently trying to fend of international pressure over the expulsions by making a concession on humanitarian supplies to the 415. But there was no sign he was willing to back down on his refusal to allow the men to return.

The International Committee of the Red Cross said two delegates would be allowed to travel by UN helicopter from Israeli-held territory to the encampment. But the visit would be only to assess condi-

tions and would not include delivery of food or medicines. Lebanon has refused to allow

the Palestinians to proceed deeper into the country or receive supplies, saying they were Israel's sole responsibil-ity. Israel had refused to allow supplies through unless Lebanon did likewise.

Mr Shimon Peres, Israeli foreign minister, and Egypt's President Hosni Mubarak said they hoped the visit of Mr Chinmaya Gharekhan, an adviser to Dr Boutros Boutros Ghali, UN secretary-general would lead to a breakthrough on the expulsions, which threaten to derail Mid-east peace talks.

Mr Haidar Abdel-Shafi.

leader of the Palestinian negr tiating team at the Washington peace talks, refused yesterday to return to the talks until those expelled were allowed

James Whittington adds from Amman: Mr Robert Adley and Mr Tim Rathbone, UK Conservative MPs visiting Jordan, proposed yesterday that the EC press Israel to reverse the expulsions. The EC's 1975 trade pact with Israel should be reviewed, they said.

## Algerians ponder sad prospect of more of the same

Political stalemate and economic stagnation in France's former colony are as entrenched as ever, writes Francis Ghilès

Kenyan talks collapse A Commonwealth-brokered plan to defuse political ten-

sions in Kenya by arranging a meeting between President Daniel arap Moi and opposition leaders appeared to have collapsed last night, writes Michael Holman in Nairobi. The country's newly formed

opposition alliance ended five days of talks with the announcement that they would take up their parliamentary seats following last month's elections, but failed to say how they would make good their threat to prevent Mr Moi exercising power.

Britain and the Commonwealth observer group came under sharp attack by the opposition, which said it abhors" Whitehall's qualified acceptance of the outcome of

#### Troops besiege Unita base

Government troops besieged Unita rebel headquarters in central Angola yesterday and Mr Jonas Savimbi, Unita's leader, called for the United States to broker an immediate ceasefire, AP reports from

#### Curfew imposed in Dushanbe

A state of emergency was declared yesterday in Dushanbe, the embattled capital of the former Soviet Central Asian republic of Tajikistan. AP reports from Moscow.

N JANUARY 11 last in autumn allowing detention year. Algeria was for ten days (often longer in reality) are making Algerians fearful that practices they thought had been abandoned after the bloody riots of Octoher 1988 are back. New special security units

are known locally as Ninjas because they operate clad in balaclava-type headgear leav-ing only their eyes visible.

The atmosphere in Algiers is further darkened by tighter government control on the media. Since last summer, articles attacking France, which senior Algerians suspect of taking a lenient attitude towards FIS activists, have become common. Some newspapers have even gone so far as to accuse France of being behind the murder of the former head of state, Mr Mohammed Boudiaf, who was

gunned down by a member of his bodyguard last June. This at a time when they they are hoping to convince the authorities in Paris to refinance part of Algeria's FFr30bn (£3.6bn) debt owed to France, Mr Roland Dumas, the French foreign minister, is due to arrive today in the first visit by a senior official from the former colonial power since the killing of Mr Boudiaf.

Perhaps understandably, western leaders are as confused as ever as to how to deal with Algeria The view is wide-spread that a FIS victory would have been both the beginning and the end of Algerian democracy - that it would have been a case, as a senior US official, Mr Edward Djerejian, put it last October, of "one person, one vote, one

Those who lead Algeria today, whether civilian or military, are by no means all corrupt. But for the many ordi-nary Algerians who have neither home nor job, officials are seen as baving long enjoyed good jobs, travel and education abroad for their children. The common view of the haves by the have-nots is "Its ont bouffe" (they have been eating, or helping themselves). Bitterness has increased by the sight of the middle classes voting with their feet. Even those who fought France between 1954 and 1962 are queueing up or French passports.
As for the Lazarus-like resur-

rection of Mr Abdessalam, who was Algeria's economic overlord throughout the 1965-78 reign of the late President Houari Boumediene and who was appointed prime minister

last July, it poses more questions than it answers. A hardworking man who brooks no contradiction and whose personal integrity has never been questioned, Mr Abdessalam was the original architect of Algeria's energy and industrial policies. While the country's gas sector became a success under his guidance, its dash for industrialisation is widely held to have been a failure.

ver the past six months, little has happened in the economic sphere. Imports are now tightly controlled as Mr Abdessalam sees this as the best way to manage scarce resources. But a 70 per cent debt service ratio leaves his government scant room for manoeuvre to import the raw materials necessary to increase industrial

output, currently running at only half of capacity, and cut unemployment. The government has made

progress in improving its payments record. Over the past two years, commercial arrears have been reduced from over \$800m to as low as \$50m and one year credits by half to \$900m. Hard currency reserves etand at \$1.5bn. This policy has been made possible by the refinancing of

commercial bank debt and bilateral debt with Italy completed last year. Algeria has not broken with the IMF as many had feared. But last week's visit to Algiers by Mr Michel Camdessus, IMF managing director, does not mean the two parties will reach agreement easily.

Whatever reforms the prime minister proposes, he faces an Algerian society.

uphill task in selling them, complicated by the fact that he is operating in a political vacuum. The national assembly remains dissolved. Most town councils have been suspended. The government refuses to talk to the fundamentalists - and to the two main secular opposition parties, the Front de Libération National, which until 1988 was Algeria's only political party, and the Front des Forces Socialistes, whose support is drawn from the Kabyle

Berbers in and around Algiers. It is a deeply unstable mix, and one that leads some observers to wonder how long the army will sit by and watch. It was the army that gave power to Mr Abdessalam, and the army could take it away. The problem is that the army itself may be as divided as

### W Australia election next month

By Kevin Brown In Sydney THE Labor government of

Western Australia yesterday called an election on February 6, clearing the way for a poss ble federal election in late February or March.

Mrs Carmen Lawrence, the Western Australian premier, said there had been "no pressure" for a February election from the federal Labor government in Canberra.

However, the announcement removes a major obstacle in the way of an early federal poll if Mr Paul Reating, the prime minister, decides not to wait until the government's three year mandate expires in June. Federal Labor officials had

the Western Australian gov-ernment would hurt the federal government if the state election was delayed until mid-

Government strategists hope the early state election will allow distillusioned Labor voters to register a protest against Labor before returning to the party in the federal election.

Western Australia is likely to be crucial for the federal government, which will need to retain four highly marginal seats in the state to win the federal election.

Labor has ruled Western Australia since 1983, but has lost support in the wake of revelations of close relationships between state government offifeared that the unpopularity of cials and Perth businessmen

such as Mr Alan Bond, the bankrupt former entrepreneur. The so-called "WA Inc" revelations led to the resignation in 1990 of Mr Peter Dowding, the then premier, and the sacking of Mr Brian Burke, a former Western Australian premier, as Anstralian ambassador to Mr Burke, who led the state

party to power in 1983, is expected to appear in court in Perth two days after the election to answer criminal charges relating to the WA Inc

Labor has recovered some support since Mrs Lawrence replaced Mr Dowding but is widely expected to be defeated by the conservative Liberal/National party coalition.

Notices published by the Director General of Telecommunications ("the Director") pursuant to conditions 2.3 and 4.2 of the Class Licence for the Running of Self Provided Telecommunications System ("the SPL") granted on 30 July 1992 by the Secretary of State for Trace and Industry under Section 7 of the Telecommunications Act 1984 and conditions 2.3 and 4.2 of the Class Licence to Run Branch Systems to provide Telecommunication Services ("the TSL") granted on 30 July 1992 by the Secretary of State for Trade and Industry under Section 7 of the Telecommunications Act 1984.

1. The Director hereby gives notice publicly, pursuant to condition 2.3 of the SPL and condition 2.3 of the ISL of his Intention to specify, after a period of 42 days has elapsed from the date of this notice, installers and maintainers registered from time to time by Offel approved certification bodies against the Offel Quality Assurance Scheme for the installation, Commissioning, Inspection and Connection of Call Routing Apparatus as classes of persons specified for the time being under condition 2.2(c) of the SPL and condition 2.2(c) of the ISL, but only in relation to the making or breaking of any longible connection between Cali Routing Apparatus and any Specified Public Telecommunication System

2. The Director hereby gives notice publicly, pursuant to condition 4.2 of the SPL, and condition 4.2 of the TSL, of his intention to specify, after a period of 42 days has elapsed from the date of this notice, installers and maintainers registered from time to time by Offet approved certification bodies against the Offet Quality Assurance Scheme for the Installation, Commissioning, Inspection and Connection of Call Routing Apparatus as classes of persons specified under condition 4.1(c) of the SPL and condition 4.1(c) of the TSL but only in relation to undertaking such relevant operations as the Director has for the time being specified for the purpose of these conditions.

#### **NEWS:** WORLD TRADE

### debate rice issue with EC

By Robert Thomson in Tokyo

MR Masami Tanabu, Japan's agriculture minister, plans to visit Brussels next week to argue the country's case that rice should be excluded from trade liberalisation under the Uruguay Round of multilateral

trade negotiations.
The Japanese government has said "flexibility" will be shown in handling the issue of rice imports, but Mr Tanabu is under pressure from farmers' groups to show the govern-ment is defending their inter-ests in the Uruguay Round. However, his ministry has

already begun studying methods of compensating farmers affected by liberalisation of the rice market, and newspaper opinion polls suggest a large majority of Japanese are in favour of a market opening.

Mr Tanabu is to attend a January 15 meeting of Japanese and EC ministers, which will also be attended by Mr minister, and Mr Yoshiro Mori, the new minister of international trade and industry.

The Japanese ministers will want also to discuss the recent confusion over whether Italy and France intended to ban imports of Japanese cars.

Airbus steps

up Japanese discussions

By Paul Betts, Aerospace Correspondent, in Paris

THE European Airbus consortium is stepping up dis-cussions with Japanese aerospace manufacturers about possible co-operation in future Airbus programmes, including the development of a 600-800seat super jumbo aircraft.

Mr Jean Pierson, Airbus

chief executive, said he would visit Japan at the end of this month for talks with Japanese aerospace officials and the three big aerospace companies Mitsubishi Heavy Industries,

Kawasaki Heavy Industries and Fuji Heavy Industries. The Japanese initiative coln-cides with discussions between Airbus partners and Boeing of the US over possible co-opera-tion in development studies for a super jumbo aircraft.
The discussions with Boeing have been led by Deutsche

Aerospace, the 37.9 per cent German partner in the Euro-pean consortium. The talks with Boeing, the world's larg-est maker of commercial jets and Airbus's main competitor,

have led to speculation of ris-ing tensions inside the Euro-

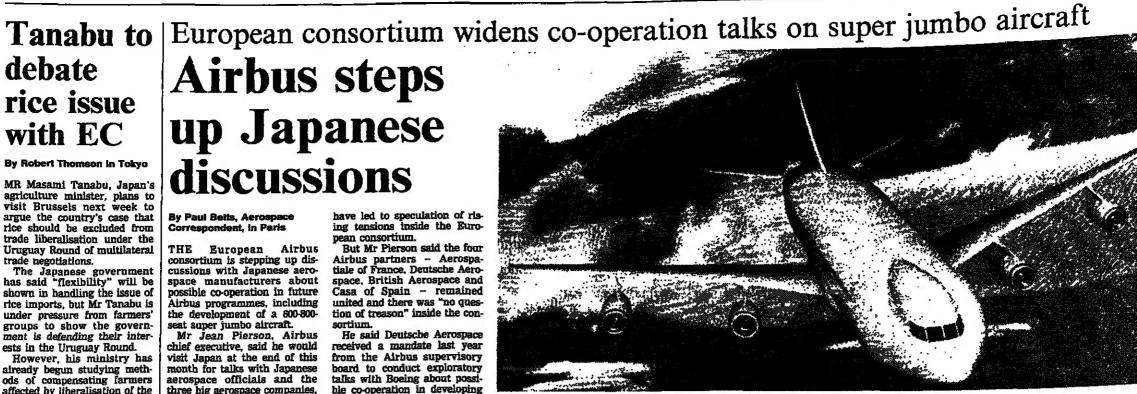
pean consortium. But Mr Pierson said the four Airbus partners - Aerospa-tiale of France, Deutsche Aero-space, British Aerospace and Casa of Spain - remained united and there was "no question of treason" inside the consortium. He said Deutsche Aerospace

received a mandate last year from the Airbus supervisory board to conduct exploratory talks with Boeing about possible co-operation in developing

a super jumbo. However, he acknowledged that not all Airbus members agreed on the benefits of col-laboration with Boeing and there were still serious doubts over Boeing's motives for cooperating with the Europeans.
The question was whether individual members were con-

Boeing which could undermine the cohesion of the consortium, several aerospace industry analysts suggested yesterday. Despite Mr Pierson's confidence about the unity of the

ducting separate talks with



An artist's impression of an Airbus super jumbo which would carry between 600 and 800 passengers

Airbus partners, the consortium has continued to be affected by the conflicting interests and problems of the

four partners. For this reason, Mr Pierson yesterday spoke of an urgent need to transform the Airbus partnership into an independent public limited company so it could operate as a conven-tional enterprise.

Mr Pierson cast doubt on whether a super jumbo would ever be built, saying the technological and financial challenges were "huge". Neither Airbus nor Boeing

could undertake such a project on its own. For this reason, Mr Pierson said, Airbus had approached potential Asian and Russian partners. He indicated it was open to discussions with US manufacturers: "But let's not get excited. I don't know if anything will happen and if there will be a larger new aircraft at all." But Mr Pierson said his main

discussions on the develop-ment of a super jumbo as the immediate challenge of competing against Boeing on current airline business and ensuring Airbus was efficiently coping with the aerospace industry slowdown.

He said he saw no signs of a recovery in the civil aerospace business this year or in 1994. Airbus last year had sales of \$7.6bn (£5bn) compared with \$7.7bn in 1991. It expects an increase to \$8.7bn this year. Although the consortium suf-fered cancellations from Northwest Airlines, it won 136 new aircraft orders last year, compared with 101 in 1991.

But the slump in the airline industry has forced it to scale down its production rate. Airbus output is expected to total 150 aircraft this year compared with 157 last year and will now grow to only about 170 aircraft in 1995, down from an original

### France confirms Taiwan jets sale

TENSE trade relations between the US, France and China worsened yesterday when Paris officially confirmed the sale of 60 Mirage jet fighters to Taiwan, which has also bought

US-made F-16 fighters.
The French deal, the latest step in the island's efforts to bolster its defences against China's growing military power, has attracted Chinese anger since it first emerged in Taiwanese press reports last November. Until yesterday, the French government refused to acknowledge the sale.

"The French government's approval for the sale of these fighters to Taiwan has caused serious deterioration to relations and gravely damaged their foundations," the Chinese Foreign Ministry said yester-

Mr Li Langing, Chinese trade minister, said Beijing did not rule out steps against the US. which last year authorised the sale of 150 F-16 jet fighters to the island, over which China

claims sovereignty. Until yesterday, China had given no indication that it might widen its retaliation against French business interests to embrace the US. Over the past month, China has ordered France to close its consulate in the southern city of Guangzhou, the economic capital of one of the world's fastest growing regions and banned French companies from a \$1bn

subway project there.

The sale of \$2.6bn (£1.7bn) worth of Mirage fighters, plus 1,500 missiles bringing the total contract value to \$3.8bn, is a lifeline for the prime contractor, the Dassault aerospace group. Dassault has not had a military export order for four

It brings to an end a long French government wrangle between the defence, industry and trade ministries, keen to further the ailing interests of the French aerospace industry, and a cautious foreign ministry, unwilling to jeopardise relations with such a powerful ally as China.

#### REPUBLIC OF LEBANON

Rehabilitation, Extension and Generalization of the Telecommunication Sector

#### PRE-QUALIFICATION OF CONTRACTORS

In order to implement the Government policy to fulfill Lebanon's needs in various public utility services, including the rehabilitation, extension and generalization of the telecommunication sector.

And aiming to undertake the necessary measures to reach a minimum service density of 35% in telecommunications, which would be in accordance with the standards of the new century,

And as the data accumulated in the Ministry of Post and Telecommunications (MPT), and incorporated in the National Emergency Reconstruction Program (NERP). indicates the necessity to provide a minimum capacity of 1.5 million subscriber lines; the MPT intends to meet these needs as follows:

- 500,000 subscriber lines through rehabilitation and modernization of the existing
- 500,000 new subscriber lines through extension of the existing network. 500,000 lines through implementation of a new cellular network.

The Government has initiated separate measures to implement the cellular network; consequently the MPT and the Council for Development and Reconstruction (CDR) announce the intention to achieve a million lines service through the rehabilitation and extension of the present network as indicated in the following program

- a- Construction of about 650,000 local network lines, construction and equipping of new electronic exchanges to a capacity of 500,000 lines, throughout Lebanon.
- b- Replacement of the old electro-mechanical exchanges (16 exchanges) by new and modern electronic equipment to a capacity of 178,000 lines, including the implementation of the integrated services digital network (ISDN).
- c- Construction of network with fibre optic cables and digital micro-wave links of different capacities to secure communications between various exchanges.
- d- Enhancement of international communications between Lebanon and the world through the construction of two modern IDR earth stations.
- e- Provision of power supply equipment for the exchanges, including the batteries. generating units and the protection systems.
- f- Replacement of the old telex exchange equipment with new and modem electronic equipment (4000 lines). g- Rehabilitation of the existing electronic exchanges and their auxiliaries (MT25)
- and E10B), development of their operation programs to be compatible with CCITT No. 7, and introduction of ISDN facilities.
- h- Rehabilitation of the micro-wave telecommunication network and replacement of
- i- Rehabilitation of the local network telephone to a capacity of 400,000 lines throughout Lebanon.
- Rehabilitation of the power supply stations, including the replacement of baternes, where needed, and rehabilitation of primary power generation units.

All the projects mentioned above will be executed under the supervision of

engineers and consultants appointed by MPT and CDR. International specialized companies will be appointed to support the ministry for

better performance in project management, operation and maintenance. Therefore, the contractors capable of executing such projects of rehabilitation and

Reasons for not pre-qualifying any firm or consortium need not be given, and no costs incurred in the pre-qualification will be reimbursed. Invitations for bidding will only be sent fo firms or consortia which are pre-qualified.

The MPT and CDR invite contracting firms and consortia interested in bidding to obtain pre-qualification documents starting January 11, 1993 from the .

Council for Development and Reconstruction (CDR) Tallet El-Seray

modernization are invited to apply for pre-qualification.

Pre-qualification bids with all supporting material shall be submitted at CDR offices no later than February 26, 1993 at noon

### Malaysian telecoms deal boosts Nokia's Asia plans

NOKIA, the Finnish electronics group, yesterday said it had won an FM700m (£87.5m) order for a digital telephone system from Malaysia.

The five-year agreement signed with Telecom Malaysia covers the installation of 800,000 subscriber lines and includes the costs of commis-

sioning and training.
The project strengthens Nokia's position in the expanding Asia-Pacific market and

ture in Malaysia. It said the Asia-Pacific market now accounted for around 20 per cent of its telecommunications

telecommunications infrastruc-

Malaysia is giving top priority to the development of tele-communications infrastructure and hopes to provide for universal access to services and to develop a telecommunications industrial base by the year 2000. The Nokia project is part of a plan to install some 4m subscriber lines in the next five years.

system, which is already in place or on order in more than 20 countries, including the UK and Sweden. The project will be implemented by a special joint venture company. Sapur-a-Nokia Telecommunications, in which Nokia holds 40 per

the DX200 digital switching

Mr Keijo Olkkola of Nokia Telecommunications said: "The Telecom Malaysia project is an important step for Nokia in the Asia-Pacific switching market and marks a major expansion of Nokia's Malay-

ABB in Czech engineering venture

By Ian Rodger in Zurich

ASEA Brown Boveri, the world's largest power engineering group, has taken a controlling 67 per cent interest in a new company created from the Prvni Brnenska Strogjirna \$13.2m net profit last year. It (PBS) of Brno in the Czech

ABB, said it was the largest of the 36 ventures so far estab-lished by the group in eastern

The business being acquired has 4,000 employees and an annual turnover of \$120m turbines, mainly for small

engineering at PBS was fairly high and so the new company. ABB-Prvni Brnenska Strojina BRNO, should quickly become

He saw it adding substanproduces boilers and steam tially to ABB's existing \$600mworth of annual business in

redundancies either there or at other ABB plants. chase price to ABB, as in its

"a major pillar for low-cost manufacturing" within ABB's sitions, would consist of pay-global network of power engitransfers. The remaining 33 per cent of

ABB-PBS is being retained by Terms were not revealed but

Mr Eberhard von Koerber, executive vice-president of Mr Koerber said the level of Mr Koerber said the l PBS Holding, a recently-privatised group in which the Czech

### Clinton's first big challenge: meet Salinas and save Nafta

The two men must rethink the trade pact, writes Nancy Dunne

into International diplomacy, Presidentelect Bill Clinton is going only one state away - to Austin, Texas, where he will today meet Mexican President Carlos

The two young presidents will find they have much in common. Both attended university abroad (Mr Clinton in the UK, Mr Salinas in the US) and became young government reformers with pro-business views. Both are "policy wonks" - fascinated with the techni-calities of making government

They are both "baby boomers" and know that unless they "bond" swiftly, the future of the North American Free Trade Agreement - involving the US, Mexico and Canada is at risk.

It was Mr Ross Perot, the independent presidential candi-date, who fanned the burning coals of public doubt about Nafta into blazing opposition during the televised campaign debates. The quirky Texas billionaire repeatedly claimed to hear "a sucking sound" to the south, drawing US manufacturing jobs out of the country. Those who opposed the agreement - carefully cultivated by grassroots environmental, labour and citizen groups - had little difficulty in extracting promises from numerous congressmen to oppose the treaty. It stands in

Mr Clinton should have already won favour with the Mexican president, by agreeing not to demand a renegotiation

danger of defeat.

his maiden foray to negotiate "supplemental" agreements to protect the environment and labour standards and guard against import

Among Mr Clinton's Democratic supporters are three factions: business groups, which care only that Nafta offers opportunity for new investment, markets and cheap labour; the opponents, who believe the pact can be improved with tough enforcement measures; and those - many in unions - who will

work to kill any deal. There is also organised oppo-sition in both Canada and

cluded that the pact as it now stands would stimulate foreign investment in Mexico, but at the expense of US industry. It wants Mexico turned into "an export platform" from which North American industry could more easily penetrate foreign markets.

The opposition has grown so strong that Washington lobbyists acknowledge the necessity of negotiating the side agreements and presenting them as a "new" Nafta, different from the one savaged by Mr Perot in the election campaign.

"We have to reposition the

#### 'Nafta is by no stretch of the imagination free trade'

Mexico, and the citizens from the three countries will marry their views in a common paper to be delivered this month Although there are some dif-

ferences in interpretation of the Nafta text, most opponents say the current version would depress wages and employment levels, diminish labour rights and standards, degrade the environment and promote massive migration and human rights violations. "Nafta is by no stretch of the

imagination free trade," says Ms Thea Lee of the labour-sup-ported Economic Policy Institute. "It is an investment agreement and a sophisticated form of managed trade for the multinational corporations."

The Economic Strategy Institute, in a recent report called

issue to take the focus away from the loss of manufacturing jobs and focus on the overall closer economic and political. relationship between two neighbours," says Mr Harry Freeman, a Washington trade lobbyist.

Those willing to accept a "new" Nafta want one which would encourage pollution clean-up in Mexico, raise standards of food safety, and boost the living standards of Mexican workers. Their goal is "the EC model" under which countries were only admitted after democratic reforms took root and the poorer countries are given compensatory payment for social programmes.

Mr Clinton has promised to establish a strong conjugatory

establish a strong environmental protection commission with

"Nafta: Making it Better", con-substantial powers and resources to prevent and clean up water pollution and encourage enforcement of air pollution laws.

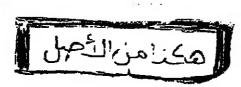
But he has been vague about 🧳 the relationship between the side agreements and the original Nafta text. The critics will insist that this linkage be formalised, so failure by any of the three governments to meet their obligations on environ-ment and labour could be punished by higher tariffs.

Mr Clinton will also have to make changes to the proposed dispute settlement mechanism, according to Mr Alex Hittle, a spokesman for Friends of the Earth, who is willing to sup-port "a Nafta with teeth". The president-elect apparently envisions a process under which citizen groups would take their complaints to US officials, who would then pass them to their Mexican or Canadian partners.

Environmentalists want the process opened to public par-ticipation. The current text says both sides in a dispute must agree before outsiders are brought into the process.

Mr Clinton will be leaned on hard, and he will have to press Mr Salinas, who in turn has signalled that the price of new negotiations could be a multibillion-dollar fund to help pay for Mexico to develop infrastructure and clean up its environmental. He may also reopen talks about labour mobility.

Nafta opponents say their demands are in the Mexicans' own interests, and the aim is to create an adequately-paid middle class, a cleaner environment, safer working conditions, and democratic reforms.



#### **NEWS:** THE AMERICAS

### Brazilian taxation reform for debate

By Bill Hinchberger in São Paulo

BRAZILIAN congressmen are to cut short their summer recess and return next Monday to a special session of Congress which has tax reform as its central issue.

The session will be an early test for President Itamar Franco's strategy. He hopes to succeed during his two-year term by building consensus among legislators and opinion leaders. in contrast to the obdurate approach of his predecessor. Mr Fernando Collor de Mello who resigned last week.

The government is seeking additional tax revenues to reduce the budget deficit and to provide funds for social and infrastructure spending. It hopes that further changes in the tax code, together with already-approved adjustments in business income taxes, will bring it \$12bn (£7.8bn) more in revenues this year.

The main proposal under consideration includes a levy on financial transactions, called a cheque tax, of 0.25 per cent. It would also simplify the dozens of individual levies in the Brazilian tax code. The administration is also consider-

ing a tax on company assets. A constitutional amendment requiring two-thirds approval of both chambers, will be necessary if any new levies are to be implemented this year. The constitution stipulates that new taxes can only take effect in the "fiscal period" subsequent to the one in which they are passed.

One attorney speculated that the administration might try to skirt the need to change the constitution by defining each month as a "fiscal period" and applying the tax in February if passed this month. If so, he predicted a flurry of company

A bill approved by Congress in December lowered corporate tax rates from 30 to 25 per cent. losses, will pay more because financial and operational income will be taxed separately. With Brazil's high interest rates, even money-losing companies have significant income from financial invest-

The government hopes to obtain \$5.2bn of the \$12bn it says it needs through this mechanism. The National Confederation of Industry is threatening to go to court.

Some observers believe higher taxes could reinforce a vicious circle of higher levies and growing evasion in Brazil. Brazilian tax rates are already

The local subsidiary of Arthur Andersen, the US consulting firm, estimates that in 1992, federal and local taxes combined produced a tax rate of nearly 47 per cent on business. Other tax experts have estimated evasion rates of about 50 per cent.

Some opponents of the reform argue that the government should merely do a better job of collecting taxes already on the books. Recent published estimates suggest that out of an economically active population of 61m, only 7m pay personal income tax, while 55,000 companies pay 80 per cent of corporate tax revenues due from 2m companies.

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## Defence cuts will be hard, Aspin warns



Les Aspin: reiterated goal of cutting \$60bn more than in Bush

By George Graham in Washington

PRESIDENT-ELECT Bill Clinton's choice to be the next secretary of defence warned yesterday that the new admin-istration might find it difficult to cut defence spending by even as much as projected by departing President George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign.

Mr Les Aspin, who until his nomination was chairman of the House of Representatives armed services committee, reiterated the Clinton team's goal of cutting an additional \$60bn over the next five years from the Bush defence budget, which itself includes substantial reductions from earlier

But Mr Aspin and Senator Sam Nunn, chairman of the Senate armed services committee, warned that the budget baseline figures used by the Bush administration, which show \$280.5bn of defence and national security spending

in fiscal 1994, might be unrelia-

Mr Nunn questioned the Pentagon comptroller's estimate of \$71bn of savings over five years from the Defence Management Review, which includes initiatives such as the consolidation of depot maintenance and the centralisation of control over the defence information infrastructure.

He estimated the likely sayings from the review at \$20bn at best. Mr Nunn said it would be

administration, with the money currently allocated.

Mr Aspin also warned of a "procurement bow wave", with equipment programmes added to the budget without adequate funding attributed to them four or five years out.

The attack on the Bush defence budget projections echoed more general criticism voiced earlier this week by Mr Clinton of his predecessor's overali budget legacy. Mr Bush's pro forma budget

for 1994 shows a record deficit of \$327.4bn this year, dipping slightly before climbing again to \$319.8bn in 1998.

Mr Clinton accused the out-going administration of camouflaging the gravity of the out-look for the deficit, which he said would, if left unchecked,

navy, as planned by the Bush "soar above \$400bn near the end of the decade".

Mr Asnin acknowledged that it would not be easy to achieve further defence savings, but said it would be possible to reshape US military forces at a lower level than envisioned in Mr Bush's "Base Force" while at the same time maintaining their effectiveness.

"The Bush administration had presented a force and a budget that took cognisance of one revolutionary development in our international security picture - the collapse of the Warsaw Pact - but not another - the dissolution of the Soviet Union itself. It was a one-revolution budget in a two-revolution world," Mr Aspin said in answers prepared for his Senate confirmation hear-

announcement that it will par-ticipate in the US Indy Car World Series follows only weeks after its withdrawal from Formula One racing. Honda's move reflects its need to boost its presence in the North American market. where its sales have begun to

Honda to

Indy car

engines

By Kevin Done, Motor

Industry Correspondent,

HONDA, the Japanese

car-maker, is to begin supply-

ing engines for motor racing

in North America in 1994. The

supply

weaken in the face of the resurgence in the fortunes of the domestic US car-makers. The company was forced to announce this week that the Honda Accord had lost its place in 1992 as the best-selling car in America, a position it had held for three years. It

was beaten into second place by the Ford Taurus. Honda, with the Marlborn McLaren team, dominated Formula One for several years, but was beaten in last year's world championship by the Canon Williams Renault team. Nigel Mansell, the British Formula One world champion last

year, is also moving to the Indy series in the US. Honda said yesterday it had established a new racing subsidiary in the US, Honda Performance Development, which would begin testing engines this year. The company said its switch to the Indy series would help it expand its R&D and engineering capabilities in with "distinct marketing opportunities".

## Reich sees need for better jobs

By Michael Prowse in Washington

THE US must do more to improve the career prospects of the three-quarters of Americans who do not graduate from college, Mr Robert Reich, labour secretary-designate, said in Senate confirma-

tion hearings yesterday. Mr Reich said the task was not just to create more jobs but to create higher-quality jobs. "Having a job is not enough any longer," he warned, because many poorly educated Americans were experiencing declines in real wages

He said he expected the Department of Labour to play a more prominent economic role in the Clinton administration than had been the case in the past. Global economic integration, he said; meant that the "American workforce is coming to be the American

Mr Reich, a professor at the

ment, provided much of the intellectual input for Presidentelect Bill Clinton's economic plan, Putting People First. Having known Mr Clinton well since both were Rhodes scholars at Oxford in the late 1960s, he is expected to enjoy much greater access to the president than previous labour secre-

Mr Reich said his first goal was to provide a path to good jobs for the 75 per cent of young people who do not complete four years of college. This involved easing the "school to work" transition for less academic students and putting greater emphasis on certification and standards so "employers know what they are get-

He also signalled that he would seek to integrate the 125 separate federally-funded job training and employment pro-

Other goals would include helping displaced workers find Kennedy School of Govern- new jobs and fostering business organisations that provided career ladders for less well educated employees.

He also intended to promote "family friendly" employment. US employers needed to pay more attention to issues such as parental leave, child care, elder care and pension provi-sion. Companies had to understand that their workforce was "their most precious asset".

Mr Reich said the US also needed to review unemployment insurance provisions which had been designed to cater for short business cycle fluctuations. The problem today was that much unemployment tended to be long-term and structural. His remarks were warmly

received by members of the Democratic-dominated Senate labour and human services



obert Reich; bigger role for

#### Doubt thrown on US military spending

By George Graham

THE US Defence Department may need to cut an extra \$150bn over the next five years to bring its spending plans into line with the money that may be available, according to a report issued last night by the General Accounting Office, the auditing arm of Congress. In a report prepared as part of a series presented to the incoming Clinton administra-

tion, the GAO warns of "a significant mismatch between the \$1.4 trillion fiscal year 1998-97 defence spending plan and budget realities".

The GAO singles out \$35bn of potential growth in the cost of already planned weapons systems, \$12bn in congressional actions preventing the Pen-

tagon from terminating some programmes it wants to kill, \$5.4bn in funding to help conversion from defence to commercial activities, and \$60bn in additional cuts proposed by President-elect Bill Clinton.

"In addition, the spending plan assume \$53bn in management savings, the majority of which may not be achieved, and \$5bn in base closure savings that will not be realised," the report says.

In a separate report, the GAO outlines severe problems in the defence acquisition system, complaining that the Pentagon starts more programmes than it finishes because of a tendency to over-estimate the amount of future funding for planned weapons systems and underestimate the likely costs of these systems.

## VC ATURE

### Menem spends However, many companies, especially those showing losses, will nay more because

ARGENTINA'S President Carlos Menem, bolstered by social spending package simed at improving the lot of the poor, the old and very young.

The package coincides with a popularity offensive by Mr Menem to amend the constitution so he can stand for re-election when his term ends in 1995. His government is now aiming at a sweeping victory in September's mid-term con-gressional elections to secure two-thirds of the seats in the Chamber of Deputies, the lower house. The amendment requires a two-thirds majority

of Congress. Mr Menem, who is more than halfway through his six-year presidential term, has sound opinion poll ratings, although his popularity has been declining over recent months. Pollsters say low inflation remains the key to any politician's popularity, but public opinion is focusing on poverty, falling social services.

raised this year's spending estimate by 17.4 per cent to \$39.65bn, a figure that economy minister Mr Domingo Cavalio has said cannot be further figures showing inflation increased. Officials insist that dropped last year to its lowest funds for Mr Menem's social level in 20 years, yesterday package have already been unveiled a \$1.5bm (£986.8m) allocated in this year's budget.

Government figures published this week showed retail prices rose by only 0.3 per cent in December, bringing the inflation rate for 1992 down to 17.5 per cent from 84 per cent

Wholesale prices rose even more slowly. Last year's whole-sale price index rose 3.1 per cent, and wholesale prices actually fell 0.7 per cent in

This modest rise in wholesale prices is allowing Mr Cavallo to argue that companies' export competitiveness is not at risk, and that there is therefore no need for a devaluation of the peso, fixed against the dollar since April 1991.

Mr Cavallo says retail price inflation figures are distorted which are less exposed to competition: "It would be stupid of us to devalue because of the cost of haircuts in Buenos Aires."

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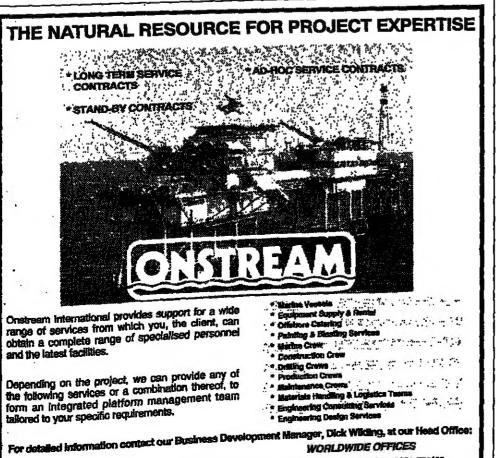
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## Legal appeal could delay payments to BCCI creditors

PAYMENTS to creditors of the Bank of Credit and Commerce International (BCCI) may be delayed by up to a year because of an appeal filed by some creditors in Luxembourg against a court approved compensa-

It also emerged yesterday that creditors are not receiving interest of \$1m a week that would have been earned since the beginning of December had the agreement between Touche Ross, liquidators of BCCI, and the Abu Dhabi majority

shareholders adhered to the original timetable drawn up in negotiations. Originally Touche Ross thought it would be possible to have the agree-ment secured in time for Abu Dhabi to place \$800m, covering the first two instalments of its \$1.7bn contri-

bution, on deposit with the pooling fund and earning interest for the benefit of creditors from December 1. The initial timetable had to be scrapped because of delays resulting from a court appeal in the UK, and insistence by the Luxembourg dis-

trict court that the liquidators take

soundings from creditors on the

ing to resist the package, however, leading to the current appeal which was lodged with the Luxembourg

court on December 24. The appeal has been filed on behalf of three creditors, Mr Adil Elias, Mr Assilaos Artiki and Mr Hal

agreement. Touche Ross believed it

had surmounted that hurdle when 94

per cent of creditors who responded

to a circular agreed to accept the

A hard core of creditors is continu-

Skolnik. Mr Elias, a US-based engineering consultant, is a member of both the UK and Luxembourg BCCI creditors' committees and heads the BCCI depositors protection association, which includes a number of BCCI's larger depositors.

Mr Skolnik, a company director, has a permanent proxy on the UK committee to represent Sheerbonnet, a UK creditor. Mr Artiki is a Greek insurance broker.

Mr Georges Ravarani, a Luxembourg lawyer and one of the liquida-tors of BCCI Holdings, the holding company for BCCI SA, said a decision on the court appeal could be lengthy because all procedures and statements had to be in written

"The delay could be as little as six months but I think that is unrealistic. I think a year is more reason-

Touche Ross now fears court delays could cause further problems for the liquidation, although Abu Dhabi has made it clear it remains committed to the agreement and maintains that new timetabling for payments should not cause serious problems for the majority sharehold-

The liquidator believes, however,

it may have to revise its earlier estimates of how much creditors might expect to receive. The projection is somewhere between 30p to 40p in the

Mr Brian Smouha, the chief liquidator of BCCI, said yesterday: "It is unfortunate that this is being held up and it does not look as if it is in the interests of creditors. I want to concentrate on getting the assets in and the money out to the creditors. If the appeal is upheld, and the agreement collapses, the liquidators would have to pursue claims

through the courts.

### Government to consider

Britain in brief

police reform Proposals for radical reform of the police, amounting to the virtual nationalisation of police authorities in England and Wales, are to be considered by a committee chaired by Mr John Major, the prime

minister. The proposals, produced by Mr Kenneth Clarke, home secretary, have aroused strong dissension within the government, and are vigorously opposed by local authorities and most chief constables,

Mr Clarke's scheme would effectively abolish the current arrangements for police management, which balance local and national control. The number of police authorities in England and Wales would be reduced from the current 43 in England and Wales, possibly

#### New landmark in tendering

Oxfordshire has become the first English county council to contract-out its exchequer services operation, in what will be seen as a new landmark for the government's competitive tendering policy.

CSL Group, which claims to be the largest provider of managed services to the public sector, won the £6m contract against three competitors. The contract requires it to take on the 50 existing staff, on comparable conditions, and was agreed by the almost all the employees concerned. Other counties are set to follow Oxfordshire's lead.

#### Recession hits AT&T Istel

Salaries at AT&T Istel, one of the largest UK-based computing-services companies, have been frozen for this year and some 375 jobs are likely to go over the next six months.

The measures indicate the severity with which companies such as Istel, which depend heavily on large-scale project work from big corporate clients, continue to be affected by the recession. Mr Peter Tea-gue, chief executive, said the company which employs 2,200 people in the UK and a further 1.800 in continental Europe. was being forced to rein back mbitious growth plans

#### House prices remain weak

UK house prices continued to be weak last month, according to Halifax, Britain's largest building society. Its house price index showed a fall of 0.6 per cent in December, reversing a brief hope of recovery in November when the index recorded a tiny rise of 0.1 per cent. Halifax said it expected prices to stabilise this spring with its estate agents reporting a significant increase in buyers

#### First pay deal of 1993 set

viewing houses,

In the first deal of the 1993 pay round, a 2.75 per cent pay rise has been agreed for most of the 20,000 workers in the knitwear industry.

The government will be relieved that the first deal in a busy month for collective bargaining is below the current inflation rate of 3 per cent and heading down towards its own limit for the public sector of 1.5 per cent. The knitwear industry, however, is in a weak state and several other deals, agreed before January but now coming into effect, have been more generous.

movement's against the dollar mistakenly showed the dollar's movement against the D-Mark.

#### MacGregor | Alan Friedman examines the debate, prompted by the Exxon Valdez spill, over anti-pollution measures seeks deal on US-UK air links

By David Owen

MR JOHN MacGregor, Britain's transport secretary. yesterday signalled a new phase in attempts to resolve the US-UK government dispute over air links, saying he would work towards a more liberal aviation agreement with the incoming Clinton administra-

Speaking in Brussels, Mr MacGregor renewed calls for UK airlines to be allowed greater access to the US

domestic market. He acknowledged this would present the US with "difficult decisions about changing their 50-year-old restrictions on foreign ownership and control of

US carriers". "I had hoped that we and the US government would have been able to agree to a step-by-step programme to open skies, with the next major change achieved just as quickly as the US Congress were prepared to change their laws on foreign control," Mr MacGregor said.

His remarks came some two weeks after the collapse of a d \$750m deal in which British Airways would have acquired a 44 per cent stake in USAir, the ailing American carrier.

Mr MacGregor expressed his regret at the failure of the deal, which BA blamed on "excessive demands" by the US

"The proposed alliance between BA and USAir was a bold and imaginative one, which could have greatly assisted progress towards removing restrictions in the present air services agreement between our two countries."

Mr MacGregor said. The US government had insisted that the UK open up London's Heathrow airport to approval of BA's investment

in the sixth-largest US carrier. Britain has offered a threephase process of air-service liberalisation which would have led to "open skies" only after the US eased its rigid foreign ownership rules on US

A 37 PER cent leap in new car

sales last month does not sig-

nal that the motor industry

has begun romping away from

recession, industry leaders

A significant factor in

December's sharp rise was unusually large sales by some

companies to their employees

which had a disproportionate

effect, in percentage terms, on

the second smallest sales

December brought the total for 1992 to 1,593,601 - only 0.08

per cent above the severely

depressed level of 1991, accord-

ing to Society of Motor Manu-

facturers and Traders statistics

meant that new car sales rose

in each month of the final

Last month's statistics

The 79,903 cars registered in

By John Griffiths

warned last night.

month of the year.

issued vesterday.

### Braer disaster concentrates US minds on safety

THE BRAER disaster which could ultimately prove to be more than twice the size of the Exxon Valdez spill that occurred in Alaskan coastal waters in 1989 has triggered fresh discussion in the US about the kinds of counter-measures that are

most effective in containing such accidents. The debate, once again pitting environmentalists against shippers and the oil industry, is focused on the tough new regulations on tanker safety that are being implemented as part of the Oil Pollution Act (OPA) of 1990, a law that some in the US say could serve as a model for UK or even Europe-

wide legislative action. The Valdez disaster resulted in the spilling of 11m gallons of oil, which compares with a total of some 26m gallons aboard the Braer.

Exxon, while harshly criticised in the US over its attitude to the tragedy, was eventually to commit more than \$1bn over 10 years to settle federal and state legal actions. Mr Daniel J. Welss, an environmental expert at the Sierra Club in Washington, claims this amount is still a pittance compared to the estimated \$15bn of damage caused by the Valdez

But the heart of the US debate concerns the two most stringent provisions of the US requirement that all ships navigating in US waters and built after 1990 be double-hulled and the fact that the liability of shipowners under federal law is unlimited in cases of gross negligence and may also be unlimited at the state level

in a variety of circumstances. In its lobbying effort to weaken the double-hull requirement, the American Petroleum Institute (API) claimed the cost of refitting double bottoms could be \$4.6bn for the 153 US tankers.

Few in the US oil industry have liked the double-hull requirement. Mr Steve Hillyard, a spokesman for Chevron Shipping, reckons "double hulls are not the panacea for oil spill prevention" because they cannot prevent the leakage of oil from a damaged tanker in all cases

Mr Charles Di Bona, presi-dent of the API, the oil indus-try's main Washington lobbying association, notes that the double-hull requirement "is the law and we will comply with But he too insists it is not at all clear that double bulling is the best technology - "in the Shetland case, double-hulling might have even hurt things. The space between the hulls could have taken in water and sunk the tanker." Mr Di Bona says there are

alternative technologies such

Calls for tighter shipping regulations after the Exxon Valdez (above) ran aground have been repeated following the latest accident cerned. Mr Weiss claims that as a Swedish system for unlimited liability "is the only sealing the oil tanks themway we can ensure the compaselves which may prove equally effective. nies have a stake in making Environmental critics such

as Mr Weiss of the Sierra Club counter that the lesson of the Valdez disaster for the UK is that "the oil industry has no credibility when it comes to concern about oil spills." e argues that in the wake of the Valdez

affair, the oil industry and the Bush Administration weakened the OPA dramatically by extending the period of time before double-hulling is required for all tankers to the year 2015 and by exempting barges. "The reality," says Mr Weiss, "is that the cost of double-hulling is far cheaper than the cost of oil spills." As far as liability is consure they don't have accidents and behave more responsibly." But Mr Di Bona complains that on liability and other issues the OPA contains a set of conditions that in some cases are simply too harsh. In the wake of the Braer disaster, the API issued a statement which said that while the Shetlands spill was regrettable

it should not overshadow the genuine progress being made both in preventing and responding to oil spills in American waters.

Chief among the developments in the US was the oil industry's agreement in 1990 to form the Marine Spill Response Corporation (MSRC), a nonprofit company that will be the

largest in the world when it is operational next summer. The MSRC - funded by 47 leading US oil companies, shippers, utilities and pipeline operators - has a \$400m budget for capital equipment and a \$500m budget for operating expenses in its first five years. It has 400 full-time employees located at its Washington headquarters and at regional locations in New York, Miami, Lake Charles, Lousiana, Los Angeles and Seattle.

The MSRC has 16 large offshore response vessels and recovery capacity of 10,000 barrels a day. The US debate also concerns

whether detergent dispersants or mechanical removal devices, such as skimmers, are more effective. Mr John Costello, a retired Coast Guard Vice-Admiral who is president of the

By Neil Buckley

MSRC, says he understands used far more than skimmers in the UK and believes more flexibility in UK response techniques would be useful. He says, however, that the problem in the US is that some states which oppose detergents on environmental grounds need to reconsider. There is a broad consensus

in the US that since the Valdez disaster there has been a steady improvement in developing oil-spill response measures, be they the formation of the MSRC, the institution of broader sea lanes or improved training for tanker crew members. In 1991, for example, there were only 1,000 barrels spilled in US waters, the lowest

level in 14 years.

**Burton Group cuts 2,000** 

jobs in big restructuring

Observer, Page 13

### New scheme for long-term unemployed

By Lisa Wood,

A NEW temporary work 10 policy unit with the assisscheme for up to 250,000 of tance of Mrs Gillian Shephard, ployed is being studied by the government.

The initiative would offer existing benefits plus an additional allowance for participants. The scheme could be become compulsory for those who have been unemployed for a period not yet specified, prob-

New car sales in the UK

ably 18 months or two years. Options are being studied by the prime minister's Number

Long-term unemployment, defined as one year or more, now stands just under 1m. a

with advisers at Chequers, has

said fear of unemployment was

Motor industry issues warning as sales rise

Mr John Major, the prime minister, who is discussing domestic policy this weekend

a brake on recovery. Mr Major's personal involve-

ment is seen as critical to the success of a new scheme which would require private sector offer large numbers of temporary work places. He would need to take a personal lead in urging organisations such as the Confederation of British Industry, the major employers' organisation, to become involved.

Any new scheme, which

could be announced in the March budget, could eventually involve about 250,000 people a year, a number greatly in excess of the 30,000-place year-old voluntary temporary work programme which has failed to attract a full complement of unemployed. That is why compulsion is one of the options now being studied. It is unlikely that a new pro-

gramme would begin before the end of the year.

BURTON, the retail group, is creating up to 3,000 part-time ones, in the latest evidence of a trend towards part-time employment in retailing. will be lost - roughly one in four - together with about 1,000 jobs in the group's shops,

which include Debenhams, Burtons, Ton Shop, Principles and Dorothy Perkins. Mr John Hoerner, who took over as chief executive last February, said yesterday the wide-ranging changes in organisation and management would cost between £10m and £15m.

but would save a similar

Some 933 head office jobs

amount on staff and management costs this year. He said the move towards greater part-time working would enable savings to be made as staff could be targeted to work at the busiest periods. He hoped that many full-time staff would remain as part-time

tion about the fact that as social trends change, and more want to shop outside traditional shopping hours, there will be more part-time workers required." he said Burton employs about 36,000

workers - "there is no ques-

staff, about 17,900 of them part-time. In the retailing sector as a whole, more than a third of workers are part-time, with the proportion expected to increase to half

Usdaw, the shopworkers' union, said it was alarmed at the prospect of such heavy job losses at a time of high unem-Burton, one of the most successful retailers of the 1980s,

slipped into an annual loss of £13.4m in 1990, before recovering to a profit of 59.4m last

Future of employment.

Page 13 Lex, Page 14 Details, Page 19

#### Fewer Names expected at Lloyd's after £2bn losses

By Richard Lapper

THE number of Names at Lloyd's, the international insurance market, is set to fall to around 20,000 - the lowest level since 1982 - following losses of £2.06bn in the 1989 underwriting year which were announced last year.

Although 75 new Names individuals whose assets support the market - are to join in 1993, the number of Names who have either resigned or been unable to meet solvency requirements could be as high as 2,000, according to Mr Bob

Hewes, director of regulatory services at Lloyd's. A further 250 Names have died during the last twelve months.

Names had until the end of last year to tell agents whether they intended to remain at Lloyd's for the 1993 year but it will take several weeks for the Lloyd's Corporation, which provides back-up services to the market, to process the information. Mr Hewes will be one of 16 members of the insurance market's new regulatory council, which is to be chaired by Mr Brian Garroway, former deputy chairman of BAT.

Correction A chart yesterday of sterling

# your US-dollar investment!

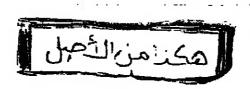
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quarter of last year, indicating that a modest but sustainable recovery is under way after the factors were involved." market's earlier collapse from He spoke as Ford came to terms with the fact that in a record 2.3m units in 1989. Reflecting the stance of most December Ford lost the UK UK motor chiefs, Mr Ian McAlmarket leadership - Rover Group - for the first time since 1984. Rover's December sales leaped by two-thirds com-

Market shares 1987

Ford (580,119) 28.81%

Others (713,707) 35,44%

Rover Group (301,811) 14.99%

Peugeot Taibot Citrõen (147,278) 7,31%

GM Vauxhall Opel (270,778) 13.45%

much into the dramatic rise in December sales, where special

pared with last year to give it a market share for the month of 25.48 per cent, compared with 16.65 per cent for Ford and 13.8 per cent for Vauxhall. But Rover itself acknowledged that some 4,000 cars had been sold at discounts of up to 25 per cent to employees, and for the year as a whole it trailed well

1.82% (188,434) Paugeot Talbot Citroen.

17.35% (276,417) GM Vauxhall Oper behind Ford - still in first place with 22.17 per cent - and Vauxhall, with a share for the year of 16.7 per cent.

company Citroen, which

achieved record market shares.

Nissan, Toyota, Renault, Audi BMW and Mercedes also posted significant gains. Sales "winners" last year included Land Rover, with a record 19,989 vehicles sold, and Fiat. Volvo and Honda. Peugeot Talbot and its sister

Those with a falling market share included Volkswagen, In the luxury car market, Porsche and Rolls-Royce were badly hit, although Jaguar's were only slightly down.

Market shares 1992

34.8% (554,497) Others

13.51% (215,257) Rover Group

PRIVATE BANKING

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Geoffrey Gee, Grant Thornton,

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## **GREEK EXPORTS S.A.**

#### ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER

CREEK EXPORTS S.A., registered in Athens (17 Panepistimion St.) and legally represented, in its especity as liquidator, in accordance 1829/1990, as supplemented by article 14 of Law 2000/1991 and following the decision of the Thessalostiki Court of Appeal No. 3210/1892

a public auction for the highest bidder, with sesied, binding offers for the purchase in toto of the sasets of the company under special liquidation named AGROINDUSTRIAL S.A. (GR.VLS.A.) established in Methons, Pieria and beneaforth referred to as "the Company".

ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY The Company is engaged in the processing, canning and deep freezing of fruit and vegetables as well as in the sale of these products.

- An industrial complex situated on the 50th kilometre of the Themslouiki-Katerini national road and the fronting the old Tressalouiki-Katerini national road. The factory buildings cover a total area of 27,039m² and include industrial plant for processing, refrigerating and deep freezing, standing on a selfowned plot of land 98,444m' in area situated in the estate region of the Community of Methoni, Figure
- An industrial unit for fruit sorting at Argoliko, Nafplion on a 4,500m² plot of land with a building area of 2,112m² where a fruit sorting line with a capacity of 8 tons per hour is installed and functions: 3. Two (2) Boors (a and b) of 179.47m² each containing offices and a bestream of 131.68m² in the corner building of the Municipality of Thesesloniki at 22
- TERMS OF THE AUCTION Parties interested in participating in the auction are invited to receive from the liquidator the Offering Mamorandum and the draft latter of guarantee in order to submit a scaled, binding offer to the notary public appointed to the auction, Mrs. Stavroula Baglatzi-Kandila at 34 Patellypon Street, Thomsoniki, Tel. (0363) 31554, by Tuesday, 2nd February 1993 at 19:00 hours.

Offers must be submitted in person or by a legally sutherland representative.

The bids will be unsealed before the above notary on 3rd February 1993 (Wednesday) at 10:00 hours. The unsealing will be attended by the liquidator and all those who have submitted offers before the time limit are entitled to attend.

Offers submitted beyond the prescribed time limit will not be accepted or taken into acc

- The sealed, binding offers must specifically mention the price offered for the purchase, in toto, of the assets of the Company and be scompanied by a letter of guarantee from a bank legally operating in Greece to the amount of a hundred million drackmas (Drs. 100,000,000) or its equivalent in the US dollars.
- The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, tradsmerks, titles, rights, etc. will be sold and transferred "as is, where is" and, more specifically, in their sexual and legal condition and location on the date of signature of the sale contract, regardless of whether the Company is in operation or not.
- The liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90, article 452, pars. 1, as in force) known hereafter as the "Majority Creditors", shall beer no liability for any legal or actual defacts or for any deficiency in the effects and rights for eals, nor for any incomplete or inaccurate description of them in the Offering Memorandom and in any correspondence. Prospective buyers, bereinsfor referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46s, pars. 4, as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
- Bids should not contain terms which might prevariests their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. the Liquidator and the majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of civines or the outcome of court actions brought by the Company in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the
- In the event that the person to whom the auction is adjudicated fails in his obligation to appear, as requested, within twenty (20) days from being invited to do so, and sign the relative contract, or fails to abide by any other obligations accruing from the present announcement, then the above-mentioned guarantee of one hundred million drackmas (Ors. 100,000,000) is invisited to the liquidator in compensation for expenses of all kinds, time spent and any actual or hypothetical losses sustained, with no obligation on the liquidator's part to give any accounting or specific proof or deem that the smount has been forfeited to him as a penalty clause, and collect it from the guaranter bank.
- 9. The highest bidder is desmed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best
- 10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest tailder and The Laquington scann labe to memory to put annualisation of the suction in the event that its suctions is not approved by the Majority Creditors.
- 11. Participants in the suction do not acquire any right, claim or demand from the present announcement or from their participation in the suction, against the
- 12. Transfer expense of the assets for sale (taxes, stamp duty, notorial and mortgager's fees, rights and other expenses for drawing up topographical diagrams

as required by Law 651/77, etc.) are to be borne by the Buyer. For further information, interested parties should apply to:

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Should you be interested in acquiring more

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#### BANGKOK TRANSIT SYSTEM CORPORATION LIMITED CALL FOR EXPRESSION OF INTEREST

ಮೊಕ್ಕೌಕ್ಕ, civil, electrical and mechanical contracts

Under the terms of the Concession Agreement dated 9th April, 1992 made between Bangkok Transit System Corporation Limited ("BTSC") and the Bangkok Metropolitan Administration ("BMA"), BTSC was granted a 30-year concession to design, build and operate the Bangkok Transit System, which comprises an elevated electrical rail system of approximately 15 km in length on specific sections of the BMA owned roads in Bangkok.

STSC wishes to invite expression of interest from suitably qualified contractors, suppliers and manufacturers to carry out the supply, construction, maintenance and in some cases the design of various components making up the Bangkok Transit System.

**CONTRACTS & TENDERS** 

These contracts are planned to comprise civil engineering, building works and electrical and mechanical works including the construction of stations, depots, trackwork, building services, system wide electrical and mechanical works including rolling stock, signating, environmental control, power supply, telecommunication, electrified third rail, fare collection and workshop

STSC envisages that tenders for both civil, electrical and mechanical engineering works will be invited before the end of February, 1993. The alternative of a tumkey contract is also under

In order to be considered for a potential invitation to tender please apply in writing to:

The Chief Executive Officer, Bengkok Transit System Corporation Limited, 9th Floor, Alma Link Building, 25 Sol Chidlom, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330, Thailand. Fax: (682) 255 8651

for a document entitled "Call for Expression of Interest", which contains a registration form. Applicants are requested to supply their company brochure and latest annual report when applying for the above document. The completed registration form together with expression of interest questionnaire should be submitted to the above address by Noon 21st January, 1893.



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**OPERATION OF HOSPITALS** King Saud University, Saudi Arabia, hvites professional Firms, specialized in Management, Maintenance and Operation of hospitals which meet the following pre-qualification conditions, to submit, no later than 15 Shaban 1413, corresponding to 6 February 1983, the required documents asserting that they meet the conditions epecified herein, to the Office of the Dean of Medical College and Supervisor of University acies who meet the pro qualification requirements (conditions) will be informed no later than 25 Sheben 1413, correc

R PRE QUALIFICATION CONDITIONS:

Firms desiring to bid for the management, Maintenance, and operation of King Seud University Hospitals (King Khalid University Hospitals (King Khalid University Hospitals and To King Abduluziz University Hospitals - 950 beds, 750 of them are now in operation) must meet the following minimum requirements:

1. Butst have been Scensed and recognized by relevant government and other respective agencies to Manage, Maintain and Operate (

- Manage Manage Maintain and Operate (

- Manage Manage

ed, during the last ten years (1982-1992), in Managemeni, Maintenance and Operation of at least 5000 hospital Must have been involved, during the last 5 years (1967-1992), in Management, Maintenance and Operation of at least 500 teaching.
 hospital bads whose services meet all major provisions of the JOAHO standard.
 nospora uses wrose envices mest at major provisions of the JUDA-IO standard. 4. Must be the sole entity accountable to King Saud University for the Management, Maintenance and Operation of University Hospitals. 5. Must be qualified to recruit, through its own recruitment offices in Western and Far East countries, the required manpower accord

Management.
7. Must be affiliated with competent entities through which medical and non medical equipment, medicalions... etc, which are not aveilable in the local manket may be acquired in the shortest possible time.
8. At least, 75% of its Serior Management Personnel, must be qualified by education and experience in hospital administration.

REQUIRED CERTIFICATES AND DOCUMENTS: Companies Interacted to bid on this project must submit the following documents.

. Copy of the Company charler. . Copies of the company's year 2. Copies of the company's yearly financial statements for the last ten years. One for each year,

3. One certified copy of Commercial Registration from the Chumber of Commerce indicating that the company is ficensed to Manage,

personnel currently working for the company organizatives survives as a set of an experimental personnel currently working for the company.

5. Certified letters of references from hospitals which have been managed, maintained and operated by the company which indicate the number of beds in actual operation and type of services provided, Dates of commentwerrent and end of each contract must be stated.

6. A written statement from the company absymbledging that it is the sole entity accountable to King Saud University for the management, maintenance and operation of University Hospitals.

7. Certified documents which verify that the company meets the pre-qualification conditions No. 5, 6, 7, and 6 stated above.

3. All above documents must be certified by relevant govt and other respective agencies and submitted in a sealed envelope to the address.

**GUIDELINES:** 1. All documents and certificates submitted by the bidders must be certified by relevant gov't and other respective agencies in the country of a color. Non-Seudi companies must have their documents certified by the Saudi Embassies or Consulates as well.

2. The RFP sell be available for purchase for the amount of 150,000 thousand Saudi Riyals per copy from the office of the Dean of Medical.

— ine 19-1\* we be evaluate for purchase for the amount of 150,000 thousand Saudi Riyats per copy from the office of the Dean of Medical College and Supervisor of University Hospitals, on - 1-3 Ramaden 1413, corresponding to 22-24 February 1993 from 10:00 a.m. to 4:00 p.m. by companies meeting the pre-qualification conditions.

Spreading these to be submitted, to the office of the Dean of Medical College and Supervisor of University Hospitals, in Arabic and English.

Three originals, on Saturday 18 Shawsal 1413, corresponding to 10 April 1993, from 8:00 a.m. Tenders will be opened at 10:00 a.m. on the same day and address and with the presence of the companies' representatives.

4. The correspondence address of the Project is as follows:

Office of the Dean of Medical College and Supervisor of University Hospitals P.O. Box 2925, Riyadh - 11461 Kingdom of Saudi Arabia

Tel. 467-1391, 467-0821 Fax. 487-1379, 467-2403 Talex, 403748 DARAYAH SJ

#### **PUBLIC NOTICE**

DIRECTORATE OF NAVAL ENGINEERS RIO DE JANERIO - BRAZIL NOTICE OF PUBLIC TENDER

NR. 001/93 Nation is hearby given that D.R.N. with affices at Prace Menii 65, Rio de Jeneiro, Brazil, CEP 20081-240, is accepting immders to throse a

templie for CONSTRUCTION OF ONE FATROL CRAFT "CLASS GRAUNA" (200 TINS) AND ASSOCIATED DOCUMENTATION FOR THE BRAZILLIAN NAVY. The latest date for submission of qualifying documents and quotateus is 17th Merch, 1993 and the datails of this Public Tender are

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LEGAL NOTICE In the High Court of Justice No 1007 of 198 Chestory Division Cardiff District Registry In the History of E.C. Chees Limited

And in the Matter of the Insolvency Act 1986
And in the Matter of the
Companies Act 1985
BAPORTANT NOTICE OF RICCASES LIMITED

OF R CCASES LIMITED

TAKE NOTICE that we, Turver David Snowdest
and Burry Gibsen Michell, Liquidators of E C

Caro Limited intend (subject to the approval of
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per stems to all absorbabilities.

We have only an incomplete the absorbability

If Com-If you claim to be a shareholder in E.C. Cress Limited AND YOU HAVE NOT ALREADY

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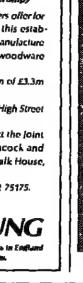
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Diverse product range Cedric Clapp, Ernst & Young, Broadwalk House, Southernhay West, Exeter EX1 1LF.



### sale two ice skating rinks at Gillingham, Keni and Stavenage, Herts. Turnover (audited) for 9 months ended 31 March 1991, Gillingham £713,003 and Stavenage £598,893.

Steverage £682,023

A benchmarking study\* compar-ing Japanese and UK suppliers provided a chilling insight into just how far most of the UK industry has to go to match the "world class" productivity and quality standards set by the best Japanese companies.

Average productivity levels inside

the benchmarked UK companies were found to be less than half those of their Japanese counterparts. And quality standards easured by rejection rates - were

100 times inferior.

Jones, professor of motor industry management at Cardiff Business School, warns that because the UK component makers studied were likely to be typical of UK manufacturers, "a gap here almost certainly means that much of UK manufacturing falls short of world-class performance by a similar two-to-one

But continental European component makers would be ill-advised to sneer. "Our experience tells us that a similar set of mainland European firms would probably do no better." says Jones, co-author of The Machine That Changed The World, the Massachusetts Institute of Technology study into efficiency levels

It was this study that first coined the term "lean production" to dis-tinguish production systems (pioneered mainly by Toyota) which use radically fewer resources - in people, materials, time and space than traditional "mass production"

techniques.
The Lean Enterprise Benchmarking Project was undertaken by Cardiff Business School, Cambridge University and the Andersen Consulting group.

The project made a head-to-head comparison of UK component makers with their Japanese counterparts, using a wide range of measures to evaluate performance and

profile management practices. These included examinations of factory lay-out, work organisation. human resources management, organisational structures and control systems, as well as the nature of relationships with suppliers, dis-tributors and customers.

Jones describes the benchmarking process as the most powerful tool available for assessing industrial competitiveness and instigating change.
"After benchmarking one can no

longer hide behind excuses or put the clock back. One has to face the facts, however unpleasant, and do something about them," he says.

UK car components makers are way behind the best Japanese competition on productivity and quality, according to new research. John Griffiths reports

## British fail to make the grade

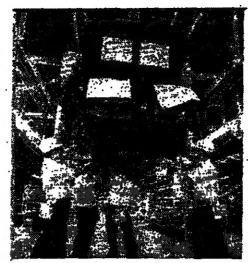
Benchmarking		
	World class	Other
Productivity index (units per hour)*	95.0	53.7
Quality (defects)	0.025%	2.5%
Space utilisation index*	89.4	64.4
Throughput time index*	59.1	32.4
Operations automated	46%	32%
Rework and rectification	1.5%	4.1%
Stock turnover ratio (per year)	93.6	32.4
Employees in problem solving	80%	54%
Schedule variability	5.5%	11.9%
Source: Lean Production (Senchmenting Project		*100=best

ear from the National Economic Development Council into Nissan's UK manufacturing experience which concluded that the British components industry was only on a par with the Japanese industry of the mid- to late-1970s when measured by rejection rates.

The Nedo report also concluded that continental European suppliers were little better than British ones. The latest study monitored 18 companies - nine in Japan and nine in the UK. They produce a wide variety of components, including wiring harnesses, brakes, seats

One-third showed outstanding performance in both quality and productivity. All were Japanese. However, even the Japanese companies were far from uniformly capable. Some lagged well behind the ieacing "world-class" group.

But the five worst performers were British. UK plants had an average of 2.5 defects per 100 components, compared with 2.5 per 10,000 for the best Japanese plants. The UK plants were also found The project followed a report last typically to need twice as many



employees to produce the same number of parts.

None of the "world class" plants was found to use hourly pay based on job classifications and their employment practices were "notice-

World-class plants involved employees more intensely in problem-solving. Team leaders were pivotal, developing team members and taking responsibility for quality and management issues

ably more progressive than those of the non-world class plants". Not least, they were performing at their high level while also making a more complex and rapidly changing mix of products than their rivals - albeit with a slightly

higher level of automation

Change is under way as UK-based suppliers absorb the methods and culture of lean production from Jap-"transplants". But even though team working, quality circles and other manifestations of Japanese "best practice" were apparent in most of the UK companies, the benefits showed up in the form of either much improved quality or productivity - but not both

The world-class plants also involved more of their employees more intensely in problem-solving. in such plants team leaders were pivotal, developing the skills of team members as well as taking responsibility for quality and management issues.

Also missing from many indige-

nous UK companies - but to which Honda, Toyota and Nissan in their UK plants are committed - are dentical conditions of employment and performance appraisal for all employees, including management. Jones says another key ingredient for attaining "world class" status is the organisation of the production

process. "It starts with integrating every production step into an uninterrupted flow - so parts travel the minimum distance and hardly wait

for the next operation."
In turn, "the discipline governing the flow comes from short set-up times and small lots produced just-in-time, thus eliminating waste and work-in-progress. Full utilisation of the whole integrated production system comes from eliminating ran-dom interruptions and variability, whether from a defective part, a machine breakdown, supplier hiccup or even chaotic build schedule."

The best benchmarked companies

were also shown to have achieved faster throughput, much higher first-time quality, reduced rework, minimal stocks and they worked to

But the full benefit of such processes, Jones argues, will not be achieved without a complete supply chain organised along similar

The benchmarkers found that the world-class chain was tightly inte-grated between vehicle assembler and even the most preliminary stages of the parts supply chain -an integration marked by minimal stock, frequent deliveries of small volumes of parts, lack of disruption and stable supply volumes. The discipline of the system came from the compressed order-to-delivery lead times and building to customer orders rather than stock.

The benchmarking team concluded that such a chain can work only if a "partnership" relationship existed all along the chain -already a recognised feature of ties between Japan's UK transplants and their "first-tier" UK suppliers of key components, but a novelty for big suppliers in their own relation-

ships with smaller parts makers.
Implicit in this "shared destiny" is a clear mutual understanding of the need for a fair reward for each party as well as shared learning.

Despite the gulf, Jones insists that the UK industry nevertheless has a "unique window of opportunity" to lead the development of "lean" companies and supply chains in Europe – thanks to transplants and the UK's own dismal past industrial performance making it willing to learn from Japan.

It is the reason, he suggests, why German, French and Italian component groups like Robert Bosch, Valeo and Magneti Marelli are investing in the UK. "They not only want a slice of the new business created by the Japanese but also want to share in the learning so that they can transfer the lessons

learned here to their home plants." \*The Lean Enterprise Benchmark-ing Project. Available Jan 15 from Andersen Consulting, 2 Arundel Street, London WC2R 3LT. First

## Engineers learn the value of training

By Andrew Baxter

s the UK engineering indus-try looks ahead to the end of the recession, the effect of the downturn on companies' investment in the long-term requirements for competitiveness will become increasingly significant.

Apart from product development, perhaps the most important internal investment a company can make is in training. But have British engineering companies mainained their skill levels as markets have fallen or collapsed and workforces are reduced?

The answer is a qualified yes. according to an informal survey of the six engineering companies taking part in the FT's occasional series tracking the industry out of recession. Spending on training has not been cut significantly, although it may have

and in one or two cases it has even been increase The smallest of the six,

Posiva, is German-owned and has an embedded commitment to vocational training and engineering literacy. This

starts with managing director Reg Bricknell and continues throughout the Scunthorpe-based gears and drives company.

But the other five, all public or private UK-owned companies, have also resisted the temptation to slash training budgets despite sometimes heavy cuts in their workforces. Reces tion or no recession, says Peter Burton at Bioxwich Engineering, the Walsall vehicle parts producer, "the main skill we have been working on is getting the entire workforce to be aware of the need for absolute quality.

There has, inevitably, been less need for engineering training because recruitment is on hold and manufacturing staff have been made redundant. "It did not make sense to bring apprentices in when we were making skilled men redundant," says Colin Gaskell, managing director of 600 Group. But that has shifted the emphasis

on to commercial training, says John Bell, chief executive of Senior Engineering. "We are acutely aware that the way we respond and handle customers, and the way in which we address short-term demand, is crucial to the way the business develops."

The survey underlines a number of issues about training that may strike a chord with other engineering companies. First, a relatively modest investment can achieve a great deal if it is accompanied by lenty of effort and commitment.

Senior has done its commercial training almost "on the cheap". says Bell, by avoiding mainline consultants and using smaller

Second, it suggests that companies are thinking hard before swallowing the latest buzzwords from con-

> sultants. At JCB, the main training initiative has been a customer quality programme introduced in 1990. Gilbert Johnston, deputy chairman, says: "We felt that

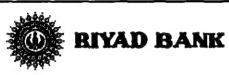
total quality ement wasn't for us - it's too glib a method of management. We wanted our own banner which people can identify with."

The type of, and need for, training may vary among the six but they all believe they are either matching or exceeding the commitment to training and skills retention among domestic or overseas competitors. "I don't think we'll be facing a skills shortage when the recession ends," says Gaskell.

The question, though, is whether the companies can continue this commitment during 1993. Peter Barker, chairman of Hull-based Fenner and also chairman of the Yorkshire and Humberside CBI, says three-quarters of its 40 members have either maintained or increased spending on training during the recession. But, he says. unless the recession eases attitudes towards training investment might change for the worse.

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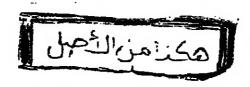
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## • Markets for the brave

here in the world should investors buy property? Even if there is an improvement this year on the past 12 months, the search for new opportunities is strictly for the brave.

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There is no guarantee that the first into the property recession will be the first out. The severity of the property downturns in the US and UK - which entered the downturn well before Japan and continental Europe - is so bad that recovery is likely to be slow and halting.

Less mature markets also promise a rocky ride. The emerging markets of central and eastern Europe are riven by political and legislative difficulties and even the fastgrowing markets of south-east Asia are suffering from over-

supply.
While the weaknesses of the large industrialised economies are the main factors contributing to this malaise, there are other reasons why most mar-

kets are suffering together.
The increasingly global flow of funds in the 1980s allowed banks and investors to export property booms from one market to another. At the same time, the rapid expansion of the financial services industry set off periods of heady construction in New York, Tokyo and London.

The result is that the world's biggest cities are full of empty offices. More than a fifth of all office blocks in the City of London, Sydney, Melbourne and Perth and the US are empty. Paris is heading towards a vacancy rate of 10 per cent. In Germany, and even Japan, which have had the lowest vacancy rates in the world, rates are creeping up signifi-

Rising interest rates towards the end of 1989 dried up liquidity and burst the bubble, leaving an oversupply of buildings. rapidly falling prices, a short-age of capital and credit and a near-crisis in the banking

heavily to the sector. The severity of these problems defy easy solutions. Falling interest rates in Japan and the US have not stopped the rot. Much of Europe does not even have the panacea of cheap money: tight monetary policy in Germany, the result (£9.6bn) of estimated doubtful

#### Vanessa Houlder on global opportunities for investors

loan portfolios.

this year.

The French government has

proposed measures such as

granting tax advantages and

deferment of stamp duty to

help the industry. However,

the government is reluctant to

be seen to be bailing out specu-

lators and its half-hearted mea-

sures are unlikely to stabilise

the market given the large sup-

ply of new office space that is

due to come onto the market

Recession and high interest

rates have sent much of the

German market into reverse

The reconstruction of eastern

Germany, like other markets

is being held back by problems

the difficulties

market struc-

decades of com-

munist rule are

additional diffi-

culties in Hun-

gary, Poland, the Czech

Republic and

Opinions dif-

fer about the

UK, the worst-

hit market in

Europe. In spite

of severe struc-

tural problems

of oversupply

and weak demand, a

decline of the past three years

has rum its course. "This is a

good time to buy," says Mr Gerald Blundell of Jones Lang

Wootton. "This year will be the

moted by optimists in Austra-

lia and the US. Australian real

estate represents "an excellent

countercyclical play," accord-

ing to Baillieu Knight Frank

where office values have fallen

by more than 50 per cent in the

past four years, are through the worst. "Although there is

Research, property advisers. Some property specialists also believe that US markets,

Similar arguments are pro-

turning point."

ture after

in imposing a

of the huge cost of reconstruct- debts in their property ing east Germany, has kept interest rates high across most of the European Community. Indeed, with continental markets in decline after the good times of the past decade, Europe has now fallen out of favour with prospective inves-

Between 1985 and 1990, rents in good quality property in leading European cities rose by an average of 14.4 per cent annually and capital values by 17.8 per cent a year, according to Jones Lang Wootton, chartered surveyor. The growth prospects proffered by the single European market — which came into effect at the start of this month — and the gradual lifting of investment restriction of land restitution. Economic tions in recent hardship and

years across the continent, has encouraged
companies and
investors to
anap up offices
across Europe.
Average capi-Average capi-

across continental Europe have already fallen by 28 per cent from their peak in 1991, 88 Y 8 Jones Lang Wootton, and there is every sign that the decline will continue. Only Hamburg

posted any rise New York: no improvement small but grow-in rents in 1992. New York: no improvement ing number of investors believe that the

Spain is anduring the steepest fall in values in the EC, apart from the UK Capital values of prime offices have fallen by about 30 per cent in the past year in Barcelona and by 28 per cent in Madrid over the same period.

In Milan, office values have fallen by a fifth. However relatively modest gearing has given the Milan market some

France probably provides the greatest cause for concern. Banks and insurance companies are closing ranks in an attempt to reduce the damage from the up to FFr80bn

is that new construction has ground to a halt and recovery is gathering pace. For all that, usually takes several years growth before companies take new premises. And the construction peak of the 1980s will take years to work through: some 40 per cent of buildings in the US were built in the past 10 years. Moreover, yet encouraged a resurgence of investment, which has fallen from \$21bn in 1988 to about \$3bn in 1992, says Mr Rabin.

Jones Lang Wootton. Malaysia has attracted much attention from investors. Factors such as political stability, a shortage of office space, and its bid to hold the 1998 Commonwealth Games have led to rising values and the launch of

But there are also many risks in Asia. Thailand and Hong Kong are dogged by political uncertainty; Singapore has a large oversupply of office space, which has resulted in a fall in excess of 20 per cent in rents since the end of 1991.

Another concern is that Jap anese banks and investors, which have supplied much of the capital for investments in the region, have withdrawn, forced in large part by severe problems in their domestic property market. Values have fallen by 30-40 per cent in Tokyo; non-performing loans are estimated to be in the order of Y30-Y50 trillion.

by many big banks are perhaps the most worrying consideration for would-be investors. This is because property prices are heavily influenced by the availability of credit. Although investors may be encouraged by the possibility of buying near the bottom of the cycle, caution is likely to remain the

no sign of improvement vet there are growing signs that we are at the bottom," says Mr Sol Rabin, a partner of TCW Realty Advisers.

The bull case for US property lower interest rates have not

An aspiring investor would do well to examine the property markets of Asia, which in spite of oversupply problems are generally supported by robust economic growth, with the notable exception of Japan. "Asia still continues to be one of the brightest areas in the world," says Mr Alan Hill of

big developments.

The property losses suffered

Gardner goes back to GEC-Marconi

coni, the General Electric Company's £3bn-a-year defence arm. He replaces David Fletcher, who held the job for only 18 months.

Roy Gardner has been made

managing director of GEC-Mar-

هكنامنالأحل

The change was made discreetly last month, in accordance with the publicity-shy traditions of the GEC group. Gardner, who is 47, was brought back into GRC-Marconi as Fletcher's deputy in September. He was finance director at the company before being headhunted in 1986 to fill the same post at STC, where he became right-hand man to

chairman Arthur Waish and

Northern Telecom in late 1990, he became chief operating officer of Northern Telecom

His first move in his new job, announced yesterday, has been to merge four subsidiary companies into a new grouping, GEC-Marconi Avionics, encompassing activities from airborne radar to flight controls and power systems. The new company, with annual sales of about £850m and 13,000 employees, can lay claim to being the biggest in Europe in the avionics sector.

Gardner's background in finance contrasts with that of his mark with a confident and gained a name as a cost-cutter. Fletcher, an engineer who has innovative approach to new



spent his whole career at GEC-Marcoui. In the managing director's post. Fletcher made pany links.

Although losing his executive responsibilities, Fletcher has been appointed a deputy chairman of GEC-Marconi, increasing the number of chairmen and deputy chairmen to five. His remit is to help develop new business and toint venture opportunities, including collaboration with foreign

companies.
GEC chose to restrict its public announcement of the management change to the trade press. As Fletcher commented with some regret while still in the driving-seat last year: "It is in the nature of GEC to keep a

#### English Trust makes Gadd moves

Following the purchase of the UK corporate finance activities of boutique merchant bank JS Gadd last month, English Trust has put former Gadd managing director Charles Good on to the board of the group's holding company and Stephen Goschalk on to the board of the principal operating subsidiary English Trust Company Ltd.

JS Gadd's parent, SG Investments, which was founded by Staffan Gadd in 1987, three years after he quit his position as chairman and chief executive of Samuel Montagu, has been engaged in a series of disposals because of pressure from its original Swedish shareholders, many of which have gone into receivership, to

realise the cash. Goschalk, 40, trained as a chartered accountant with Touche Ross; after spells at London Trust and Chartfield, the venture capital group, he joined JS Gadd on the corporate finance side. Good, meanwhile, goes on to the group board in a non-executive capacity (see below).

At the same time, English Trust, which effected a management buy-out from Nordbanken in 1991, promoted Alexandra Gillham, 29, on to the board of English Trust Company. She has been closely involved in advising Trio Investment Trust in the prolonged deal last year involving the purchase of money broker Martin Bierbaum.

the Notwithstanding depressed state of the UK cor-

porate finance market and the number of second-tier merchant banks who have curtailed their involvement in it, Goschalk, who claims to have a number of deals in the pipeline, says he genuinely believes a modest outfit like English

Trust can offer small and medium-sized companies a better service - in contrast to the very mixed" treatment they get from the leading houses.

#### Charles Good

Charles Good, formerly managing director of J S Gadd, is moving to Glasgow as manag-ing director of the Scottish operations of Shoprite, the fastest growing part of the discount food shops empire. The position is a new one, the result of realising that it had become inappropriate to run the Isle of Man-based company

entirely from the island. Shoprite, the property-to-dis-count food stores group, has established 35 stores in Scotland in the past two years and plans to open at least 24 more in the next 12 months.

Good, 46, has been advising Shoprite for the past seven years and been on the board in a non-executive capacity for the past three.

A chartered accountant who picked up corporate finance skills at S G Warburg before setting up his own company, C A Good, at the beginning of the 1980s, he sold out to J S Gadd in 1987 for £500,000. The UK corporate finance businesses of the latter, in turn, were sold to English Trust in

He explains the move as motivated "not by a negative feeling about corporate finance and certainly not about English Trust. But I have been in this game for 20

He adds that he is a great believer in the Shoprite formula and that he is also "sympathetic to the industry" having personally owned three supermarkets in Reading between 1979 and 1982.

#### Analyst Plaut

Timothy Plaut, the number one Extel-rated analyst for German equities, has left SG Warburg after six years. Plaut, along with the rest of the team, Nick Jones and Stefan Sanne, will be joining Goldman Sachs at the start of February.

Goldman, which two years ago had no physical presence in Germany, has expanded rapidly with around 75 staff now based in Frankfurt. The US investment bank says the Warburg hiring reflects the need to expand its German equity cov-

However. Plaut and his team will be based in London, along with all the rest of the European research team - save one or two economists.

In an unusual move, the previous head of equity research, Mark Edmiston, is transferring to New York as a senior European equity salesman.

■ Ian Brindle, senior partner of accountants Price Waterhouse, has been appointed a member of the Accounting Standards Board, the UK

accounting standards body. Brindle, 49, replaces Elwyn Eilledge, senior partner of Ernst & Young, who resigned from the ASB recently.

He is no stranger to profes-sional bodies, having been a member and then chairman of the Auditing Practices Committee from 1986-90.

He brings membership of the ASB back to nine voting members at a time when it is entering the most testing phase since its creation in August 1990. The others are David Tweedie, Alan Cook, Robert Bradfield. Sir Bryan Carsberg, Michael Garner, Donald Main, Roger Munson and Graham

Stacy.
Until his new appointment, Brindle was also a member of the ASB's urgent issues task force, which produces judgments on newly emerging accounting approaches. He has been temporarily replaced by Mary Keegan, another PW partner, who is likely to take his place permanently.

■ Peter Baring, chairman of Barings, is to be chairman of BARING ASSET MANAGE-MENT, on the retirement of Miles Rivett-Carnac. Rupert Tyler and Charlotte

Black have been appointed directors of BREWIN DOL-PHIN. Andrew Mickleburgh. Andrew Neill and Michael Symonds have been appointed

directors of GUINNESS

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SOVEREIGN HIGH YIELD INVESTMENT COMPANY N.V. Notice is hereby given that the Annual General Meeting of Shareholders of SOVEREIGN HIGH YIELD INVESTMENT COMPANY N.V. will be held at our offices at 6, John B. Communey, Curacao, Netherlands Antilles on January 28, 1933 at

sals to be voted upon will be available at the offices of the Company's ator, Pierson Trust (Curacao) N.V. at 6, J.B. Corsiraweg, Willemstad,

Shareholders will be admitted to the meeting on presentation of their shares, or by way of proxy. Proxy forms may be obtained from the abovementioned offices of the Company. The proxy can be returned by way of telex or telecopier, followed by the Company. The proxy can be returned by way of telex or telecoper, followed by the completed original proxy form sent by airmail. The telex No. is 1147 and the telecopier No. is 999-9-61217.

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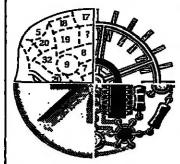
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# THE CZECH REPUBLIC

Next Monday, 11th January 1993

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#### Worth Watching · Andrew Fisher



#### **Portable DCC out** this summer

Electronics makers Philips and Matsushita, co-developers of the Digital Compact Cassette, yesterday announced the development of a portable version of the next-generation audio system, writes Emiko Terazono.

The companies will start marketing the walkman version of the DCC this summer, starting in Japan at the price of Y60,000 (£320). With the launch of the portable DCC, consumers may finally see the expected marketing battle between Sony's digital audio system, the Mini Disc, launched last year.

While the main difference between the two systems is that DCC is a tape format and Mini Disc is a disc format, Matsushita argues that its portable system is smaller, lighter and its batteries last 1.6 times longer than the Mini Disc.

#### Computers come to the rescue

When accidents occur, the first reaction is often panic. To heip deal with emergencies in industries processing hazardous materials, Pacer Systems of the US has developed what it calls the first expert computer system

for those responding on the spot. Plantsafe provides automated advice for emergency and on-site team leaders who have to react quickly to fires, leaks, spills and other hazardous situations. Its main uses are in the oil, petrochemical, chemical and pharmaceutical industries.

Says David Whitby, UK-based marketing manager for Plantsafe in Europe: "Previous systems have been able to provide information only on vapour or gas releases. Plantsafe provides the full range of information for emergency team needs."

Plantsafe: UK, 0483 730905. Pacer: US, 508 667 8800.

#### Business as usual

Of 33 US companies which took precautions to protect mini and nainframe systems in the event of disaster, but not personal computer networks, only three were in business a year later. The example is quoted by Norman Trister, head of Profile Computers, which has launched a service to enable companies to recover their PC networks. NetCall covers nearly every type of disaster than can affect

a network. It aims to let managements concentrate on running their businesses when disaster strikes, not on recovering PC systems.

Profile claims NetCall can get users back in husiness within eight hours. Engineers start recovery procedures within two

The service provides a high-specification standard PC network with applications and data restored and a full support programme. The collapse of a PC network, says Trister, "need be no more than a temporary inconvenience". Profile Computers: UK, 071 638 5566.

#### Keeping up to date on safety

Mention of new EC directives is likely to produce a yawn among those affected. This year, companies have to comply with new directives covering health and safety management equipment safety, handling of loads, working conditions, protective equipment and display

To help businesses comply with these environmental, health and safety rules, Digital Equipment Corporation has brought out a computer-based training course to make staff aware of the

requirements.
Users of the training package distributed by Compliance Training, can select topics related to their jobs or workplaces. Paul Watmough, head of Compliance Training, says the package "gives companies a truly cost-effective way of delivering timely and useful training in the new EC regulations". The basic price is £380. Compliance Training: UK.

he government's controversial determination, reaffirmed this week, to press ahead with the privatisation of Britain's rail services opens up exciting opportunities for new train operators, but is also bound to cause practical headaches.

One area fraught with potential problems is the timing of train arrivals and departures. Twice a year, British Rail turns to its train service database to produce its national passenger timetable, filling a hefty 1,500 pages. Future franchi-sees will have to become closely involved in this logistical exercise, likely to become even more complex when they enter the rail scene.

Although committed to franchis ing out passenger services, the government will not abandon the national timetable. Thus operators will have little scope to make their services more attractive than BR's existing trains by obtaining more favourable timetable slots. The main advantages of privatising routes will, as the government sees it, be in improved service and mar-

However, new operators will be However, new operators will be involved in the timetable planning process, though timings will be allocated centrally by a new regulatory body. BR employs about 100 planners in six regional groups to draw up its timetable. Their job is to turn a list of competing bids to run services from BR business managers (and in future franchisees) into a (and, in future, franchisees) into a

safe, coherent, integrated service.

The timing of every train in the country – there are 16,000 services a day - is worked out individually and interleaved with slower or faster trains that want to use or cross the same track, taking account of engineering works and speed

One of the busiest regions is han-dled at Rail House in Crewe, Cheshire. This is the West Coast Mainline, including Intercity services between London and Birmingham, Manches ter, Holyhead, Carlisle, Liverpool and Manchester, as well as Intercity Cross country services, local services and freight.

In the West Midlands alone, this means juggling the needs of Intercity trains to and from London with the competing demands of Midlands Cross Country Railway, Regional Railways Central, Birmingham's Centro and Railfreight, with the slowest train on the line governing

The team's main tool is Protim, a system developed by BR computer staff in York. Protim encapsulates BR's train planning rules and is based on personal computers linked in a local area network and connected to the central Train Services Database (TSDB) on a mainframe computer, also at Crewe.

The planners also have access to



## Steering clear of chaos

Nuala Moran on how British Rail compiles its timetable and how private franchisees will compete for space

a computer system in Derby which holds data on track geography and speed restrictions and the capabilities of each class of BR locomotive, allowing planners to time any train between two points.

he timetable process begins with a bid from Chris Dwyer. West Coast Intercity business manager, and his colleagues for slots, or train paths, to run a set of services. John Whitmore, chief timetable planner at Crewe, needs to know the number of trains for each service, where they will go from and to, and where they will

Faced with a barrage of conflict-ing bids for train paths (the West Coast Mainline consists of a fast up-and-down track and a slow up-and-down track, with few opportunities for overtaking), the timetable planners invariably offer a compromise between the aims of the business manager and the line's

"Our aim is to come up with a

performance schedule based on a set of rules called Rules of the Plan which are agreed between the oper-ator, train planner and the performance manager who monitors BR's efficiency," says Whitmore.

The Rules of the Plan include such constraints as: • Station dwell time - the standard period (now one minute) that trains stop at intermediate stations. Connection allowance – the maximum time needed to get to a connecting train at main interchanges. The approach here is to take the case of, say, an elderly

person with bags who cannot use

stairs and has to go across a big

 Changing locomotives - some trains will need to change locomo-tives from electric to diesel; the rules allow 11 minutes.

 Turnround time - every Intercity train needs a long stop at the terminus while it is cleaned and has reservation tickets attached; 40 min-Engineering recovery time

this is distinct from engineering works and involves a speed restric-tion applied while new ballast con-

In the current timetable, there is an extra allowance of 12 minutes in the London-Glasgow timings for such reduced speeds.

BR has a real-time computer system which tells it where each train is and how it is performing against its timetable, providing feedback for timetable planners of any changes

Once the planners have a list of the trains BR wants to run and how long each will take on its journey between all intermediate stages, they still have to fit each service into a timetable, ensuring that timings do not conflict.

The main charge levelled by opponts of the franchising plans is that they fail to take account of the complexity of BR's operations. Changes in the timings of trains between London from Manchester can affect services as far away as

# The way, to leap ahead

ew technologies can both excite and frighten compa-nies without the resources or knowledge to exploit them properly, however much they may stand

"For this reason," says Fraunhofer, a German applied research fer, a German apputed research organisation, "many small and medium-sized ventures prefer to play safe and manage without the latest forward-looking equipment."

latest forward-looking equipment."
To try and help such timid or
inexperienced businesses, Fraunhofer's Production Technology Institute in Aachen has got together with the Institute of Technology Management at St Gallen Univer-sity, Switzerland, to produce a technology "calendar". The idea is to offer information

not only on technologies relevant to particular products, but also about the economic and human resources needed to implement

For example, some complex pro-cesses may well be technically and financially suitable for certain companies. But lack of qualified people could make it hard to introduce advanced production methods.

The technology calendar comprises a special database (called debit) or introduced.

dabit) on innovative technologies and guidelines telling companies which materials (such as plastics, ceramics, and special steels) can be subjected to which processes (such as cutting or coating by laser, water jet cutting, or injection moulding) and at which manufac-

turing stage. Those using the calendar though developed in Germany and Switzerland, it is aimed at companies around the world - can either just tap into dabit to keep up to date with particular technologies or make use of guidelines developed for particular technological, financial and employment circum-

However, companies in some countries will obviously be in less need of such assistance than in other parts of the world. As experts at Aachen and St Gallen point out, the success of many Japanese com-panies stems from the fact that they invest more than twice as much in developing and applying advanced production technologies as do comparable US concerns.

Andrew Fisher

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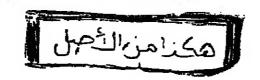
## (It's the offer of a lunchtime.)

On January 2 1893, the Financial Times turned Pink. As part of the celebrations we thought you'd like a two course business lunch at a top restaurant, for just five pounds. (Yes, a fiver!)

There are no strings, catches, questions or tiebreakers whatsoever. Just buy the Weekend FT on January 9 and book a table at one of the listed participating restaurants.

If, however, you'd rather not pay at all, you'd better enter our competition. From January 11 we will be asking a series of cryptic questions. Answer them correctly and you could win a gastronomic weekend for two at Gidleigh Park in Chagford, Devon.

All of which proves the FT doesn't just feed the mind.



## Korea squashed into a corridor into a corridor

Susan Moore visits the Samsung Gallery

The V&A's new Korean art gallery is little short of a slap in porcelain, grey and deformed. the face for the culture it seeks to celebrate. First, the "gallery" - a glorious misnomer for what is in fact a section of corridor previously occupied by part of the sculpture collection. This is the nub of the problem.
The gallery is heralded as "the first permanent, comprehensive display in Korean art in Britain", reflecting some 1500 years of Korean art and craft. What we find are some 200 objects of wildly fluctuating quality presented in a hotch-potch display. Is this crowd of exhibits, squeezed into a corridor as if an embarrassing postscript to the Far Eastern collection, a fair representation of the achievement and culture of the Korean people? I think not. A new Korean gallery was not at the

top of the list of the museum's priorities. It has an important but smallish collection of some 600 items, notably ceramics, built up ad hoc after 1878. During the state visit to Britain of the Korean President and his wife in 1989, the First Lady Kim Ok-sook was disappointed by the low profile of Korean art in Britain and asked whether the V&A would be interested in a Korean gallery. Soon after, the Korean conglomerate Samsung came forward to offer the museum £430,000 for the project. Looking around the Samsung Gallery of Korean Art, it is difficult to see how the sponsor's money was spent.

Rather than allowing the strengths — and weaknesses — of the museum's boldings to determine the nature of the display, the curators opted instead for the bold historical sweep regardless of the lack of appropriate material with which to flesh it out. Take the ceramics, which line the right wall of the corridor. The first case, which claims to display Korean pottery 300-900 AD, fails to do justice to the abundance, diversity of shapes and skill of the Silla potters and makes for an unpromising introduction. While the collection does have some fine examples of 18th century white porcelain with underglaze red decoration, these are outnumbered by a clumay

here is a fine play to start the New Year at the Lyric Studio in Hammersmith. The Classe of

the Pharaohs has wit, pathos,

spine-tingling suspense and some politi-

cal and social overtones. Above all, it is

a wonderfully good story and the acting

by the Empty Stage Theatre Company

The story is of Howard Carter, his

pairon, Lord Carnarvon, and the discovery of the tomb of Tutankhamon in the

Valley of the Kings in 1922. An additional pleasure is that it might be

equally about the British and Suez

Canal: several lines suggest that the

analogy is deliberate. The play captures

ally admiring, relationship between the

The Curse is, of course, a thriller as

well. The Empty Stage Company works

almost entirely without props: a chair

here and there, the odd torch to illumi-

nate the tomb and a stick both to sup-

port the ailing Lord Carnarvon and to

beat to death the insidious, unseen

cobra. Occasionally the gold and green

figure of Tutankhamon appears in the

background, most ominously at the end

when it looks as though he is laying a

There are only four parts in Robin

Brooks's text: Carter, Carnarvon, his

daughter, Lady Evelyn, and an Egyp-

tian who switches between guide, doc-

tor, prime minister and political

detainee. Only at the close, when the British have deposed him, do you real-

ise how crucial the Egyptian is to the

About halfway through I would have

given the acting laurels to Nick Rawling as Carter, the Norfolk draughtsman

who took to Egypt as if it were a vastly

more interesting version of East Anglia.

Another prize would have gone to

final curse on Carter.

structure of the play.

atronising, but som

British and the Egyptians to a tee.

is to the highest standards.

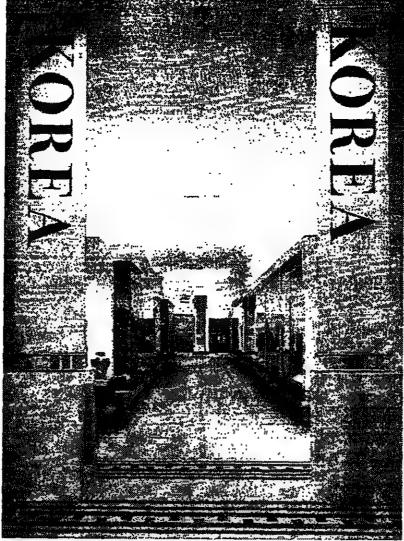
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Equally misleading are the displays of furniture, textiles and metalwork on the left flank of the corridor. The collection has been arbitrarily ordered into themes in the spirit of the T.T. Tsui Chinese Gallery, where works of art are presented as documents of social history. In the shallow space of "The Man's Room", for example, we find a carved slate funerary epitaph to a 17th century official which would probably have been made for display in an ances-tral shrine. Similarly, alongside objects made for the scholar's desk such as elegant porcelain and inlaid metal brush pots, we find a small bronze incense burner that, far from being an object of everyday life, was used in Korea for ceremonies, either in a Buddhist monastery or for ancestor worship. A kind of eternal Korea is presented: there is no sense of chronology or evolution. Some objects are contemporary, others may be 16th century.

The cases are sprinkled with objects that strike even the untutored eye as third-ats - a Choson lacquer table inlaid with mother-of-pearl; hunting and flower screens; and a garish contemporary flower painting made by a Buddhist monk. A glance at their inventory numbers reveals them to be the fruits of last-minute shopping expedi-tions to stop the gaps. The inexplicable absence of any Korean art specialist from the gallery advisory committee is only too apparent.

It would be wrong to suggest that the gallery did not contain rare and exceptional works of art. There is the arresting Choson jar bearing a boldly gestural lotus flower in underglazed red. Another of the collection's treasures is Koryo dynasty bronze vase of 1100-1300 AD, subtly inlaid in silver wire with delicate willows and waterfowl. The inlaid Koryo celadons are peculiar to Korea, as are the brightly painted ox-horn caskets from the late Choson period.

By not being sufficiently selective the Far Eastern department does a grave



The new Samsung Gallery of Korean Art at the V&A

disservice to its public. It is worth contrasting the V&A experience - complete with unhelpful silent videos and an object we are invited to touch, a completely smooth blue and white dragon jar - with the spectacular new Hotung Gallery of Oriental Antiquities at the British Museum, and the Fitzwilham's installation of the outstanding Gompertz collection of Korean ceramics. (The spacious Fitzwilliam gallery was created in 1990 for less than 0.000,033

Both galleries reveal a respect and a feeling for works of art which are lacking in these cluttered shop-window dis-

Theatre/Malcolm Rutherford

The Curse of the Pharaohs

plays. Here, individual objects do not have the breathing space to be properly viewed or to speak for themselves. The quiet, understated quality of so much Korean art does not profit from busy neighbours. Thanks to the peculiar serenity of the Gompertz Koryo cela-dons - combinations of simplicity of shape, sparse decoration and perfect, luminous glazes - the effect of the Fitzwilliam gallery is overwhelming. The visitor goes away determined to find out more. Faced with the Samsung Gailery, the visitor could be forgiven for walking away unmoved and little the

### Dizzy Gillespie

curious up-bent horn propelled by extraordinary ballooning cheeks, Dizzy Gillespie, who died on Tuesday, has long been one of the most instantly recognisable figures in modern jazz. As the inventor of a whole new style of trumpet playing and, in partnership with alto saxophon-ist Charlie Parker, the creator of a new and difficult language in jazz, he is one of the music's most important and influential figures.

Born John Birks Gillespie in Cheraw, South

Carolina on October 21 1917, he first picked up the trombone at age of 12 and moved to the trumpet a year later. His musician father had died when he was ten and the young Gillespie followed precocious self-tuition with study at the Laurinburg Institute in North Carolina. A keen follower of big band trumpeter Roy

Eldridge, he took his hero's place in Teddy Hill's band in 1937, visiting Europe and recording for the first time. In 1939 he joined the Cab Calloway Orchestra as a featured soloist and what started as a clash of personalities with the leader ended as a fight and the prankster Gillespie being sacked from the band.

During his time as an arranger for the big bands of Woody Herman and Jimmy Dorsey that followed, Gillespie began to hang out in New York's 52nd Street clubs, and Minton's in particular. Here he met Charlie Parker, a more chaotic but equally incandescent talent, and the seeds for the vital new music were sown. Parker and Gillespie became friends and between them, leading sextets and quintets, they introduced the new, seething sound that was bebop to astonished audiences across the US.

Where Parker was the unpredictable cauldron of ideas, rarely off the boil, Gillespie's perfect phrasing and clowning approach lent modern jazz accessibility and acceptability. Where Parker was the shooting star, burning bright in small groups and leaving imitators to hang on his tail. Gillespie sought to shed light on the possibilities in the new music for both peers and rivals. A match for Parker's boundless creativity and technical skill in improvisation, Gillesple's soloing was marked by flawless phrasing at impossibly high speed and register. He could hit the ear hard where it was least expected, and

yet maintain an insidious swing.

Gillespie's development as a musician was complete by the end of the Fortles and compositions such as "Night in Tunisia", "Salt Peanuts" and "Blue 'n' Boogie" established as swinging

Flamboyant, often exotic in appearance, the anthems of bebop. By the mid-Fifties, when Parker had all but burnt out, Gillespie had become a sort of cultural diplomat and even carried out world tours for the US State Department.

Throughout the 1960s and '70s as the jazz (and bop) idiom underwent further change, Gillespie's international stature grew. The essence of his playing remained undiluted by his (pioneer-ing) exploration of latin rhythms and latterly of fusion, his comic approach sometimes drawing criticism, often attracting new interest in jazz music. A tireless tourist, Gillespie began to reach yet wider audiences in the 1980s as the international festival circuit grew: the virtuoso entertainer with a self-deprecating but impish persona had finally picked up where Louis Armstrong left off - as genial ambassador for an often unapproachable and factionalised branch of contemporary music.



#### Jazz in 1992/Garry Booth

### High points from old hands

ineteen ninety two started and finished well enough. On New Year's Day 1992 over 20 of the UK's fiercest free improvisers crammed into the sub-tropical basement of the 100 Club to celebrate South Africa's Blue Notes in gloriously discordant style. The year's end, with Norwe-gian saxophonist Jan Garbarek freeze-drying the Barbican as his contribution to the Tender is the North amorgashord of Nordic art, was a breathtaking

The intervening months with some notable exceptions - were less inspiring and more temperate. Perhaps it was the relentless drizzle, perhaps it was the recession, maybe it was the carping over Jazz FM. Heaven knows, I have tried to like "London's 102.2". I do not smile knowingly when jock Helen Mayhew stumbles over the pronunciation of Bix Beiderbecke, I do not clamour for rare Charlis Parker accompanied by the sound of eggs frying from dawn to dusk. But I do turn the wireless off in the daytime when the Jazz FM computer selects Sade/Robert Cray/Simply Red for the umpteenth time that day.

if, as appears to be the case, the new middle of the road formula has paid commercial dividends this year, can the for-mula be made a bit bigger next year? Now that owner David Maker has succeeded in moving the station into profit

thereby securing it, he can surely afford to programme more discs into the machine which runs the station during daylight hours?

It was not a good year for television either. Having won precious airtime the right side of the witching hour for its live recordings of the Brecon Jazz Festival, BBC Cymru blew it the way television always blows it by not getting the sound right. Are TV engineers stone deaf? Pat Metheny does not spend thousands of dollars on a synclavier in order to reproduce the sound of a badly tuneo ukeleje.

For the real stuff, neat, the year was better spent out of the armchair and on the South Bank, ears pitted against the chattering classes at Ronnie Scott's or in the Jazz Café (which finally found a new owner in September). If not all of it was notable there was a tremendous amount of jazz music to be had in London in 1992 and, perhaps surprisingly, the highpoints were provided by the old hands.

Brummie septuagenarian tenorist Andy Hamilton finally took the South having just released his debut album; Pharoah Sanders boggled the Jazz Café with undiminished impro; Ornette Coleman dazzled the Festival Hall with his shimmering son et lumiere show; and Tony Williams led Wayne Shorter, Dave Holland, Wallace Roney and Herbis Hancock through old paces,

But for embarrassment and riches combined, one performance stands out above the others - that of Keith Jarrett, the John McEnroe of the concert grand. It is increasingly the fashion nowadays for jazzmen to barely acknowledge their audience, pausing between numbers to receive applause before sternly serving up the next piece. Not so Jarrett, who began his Standards Trio set in fine form by lambasting New Music ("like being hit over the head by a nerf ball"), Alternative Musicians ("the neo-pseudo beboppist club") World Music ("like bringing home an exotic flower and watching it wither"). And all this pleasurable railing

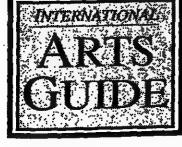
tenderly revitalised, at the

Royal Albert Hall.

After the first set - of inspired improvisation, Jarrett squealing involuntarily like a seal as is his custom - he returned, hands high on hips, to curse electronic music ("fit only for Disneyland") and jab again for good measure at new music fans. Then, joy, he mistook the mixing deak for someone he thought was bootlegging his gig. "Whoever you are, whatever you are," he intoned menacingly, "you have got a problem ..." Pity more of our visitors could not have provided so electric a setting for their performances this

delivered before a note had

been played.



London's Barbican Centre is to host a Benjamin Britten testival from February 25 to March 21, with Mstislav Rostropovich as artistic director. Following the Barbican's celebrations of Shostakovich and Prokofiev in previous years, this is the third occasion in which the Russian cellist-conductor will have played a leading role in presenting the works of a 20th century composer whom he

counted as a friend. Rostropovich will conduct several festival concerts Including the Plano Concerto played by Barry Douglas (Feb 28), two performances of Peter Grimes (Merch 14 and 17) and a Royal Albert Hall performance of the War Requiem (March 21). He will also be soloist in a programme including the world premiere of Robert Saxton's new cello concerto and Britten's Cello Symphony (March 18). The resident orchestra will be the

The state of the s



Peter Glancy, Sophie McConnell and Nick Rawling

Sophie McConnell for the relatively small part of Lady Evelyn. Ms McConnell, without the slightest affectation, is both loving daughter to her father and doting admirer of Carter.

Then, in the second act, Carnarvon dies. I thought this scene, played by Peter Glancy as Carnatvon, was extremely moving. Again, nothing is overdone. The old theatrical standbys of death on the stage and a final deathbed conversation, man-to-man, come off gloriously. Even Glancy, however, is finally over-

London Symphony. Other artists taking part include the Nash

The Guildhall School of Music

parables. There will be a Britten

exhibition, plus film screenings

Screw and Love for a Stranger

Other highlights of the London

the only feature film for which

he specifically composed the

and Drama will present a performance of Curiew River,

the first of Britten's church

of his opera The Turn of the

mble and Borodin Quartet.

taken by Nick Rawling as the Egyptian. As prime minister, Rawling throws out the patronising British only to be himself thrown out as the British fight back. He takes the rebuff with immense calm and charm, confident no doubt that one day the Egyptians will be

Other pleasures abound: the Egyptian music composed by Richard Heacock, the lighting by Ron Hollis which is essential to the plot. There are some very funny, very English lines along the way. Brooks has been writing for

Empty Stage since 1989. His previous works include an adaptation of Pilgrim's Progress and The Strange Case of Dr Jekull and Mr Hyde. The Curse of the Phorochs is that it is not just a play for a studio stage, it should go down well anywhere. The production is impeccably directed by Andrew Holmes, the founder of Empty Space. If he turned off the illuminated exit sign at the back of the theatre, one of the key scenes would be even creepier. Lyric Studio, Hammersmith, until

January 23. (081) 741 8701

music calendar over the next two months include a three-day Janacek Festival organised by the BBC at the Barbican next weekend, a visit from the Prague Symphony Orchestra under its new chief conductor, Martin Turnovsky (Jan 24), a new Royal Opera production of Verdi's rarely-staged Stiffelio conducted by Edward Downes (Jan 25) and a Schubert Festival at the South Bank Centre starting on Feb 4. The theatre programme features Arthur Miller's new play

The Last Yankee at the Young Vic (Jan 21-March 27), King Lear directed by Max Stafford-Clark at the Royal Court (Jan 21), The Importance of Being Earnest at the Aldwych with Maggie Smith as Lady Bracknell (March 9) and Richard Eyre's new National Theatre production of Macbeth starring Alan Howard (March 26).

> **EXHIBITIONS GUIDE** AMSTERDAM Rijksmuseum North Netherlandish Art 1580-1620.

Ends March 7. Discarding the Brush: Gao Qipei (1660-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon

Van Gogh Museum Glasgow 1900: art and design from the city's heyday. Ends Feb 7. Daily Alte Nationalgalerie The Collection of Count Raczynski;

Paintings of the late Romantic era. The collection of the 19th century Polish aristocrat and diplomat consists largely of German and other European masters from the period 1830-70. Fnds Feb 14. Also Art in Germany 1905-37: paintings and sculpture from the gallery's own collection. Ends April. Closed Mon and Tues

Neue Nationalgalerie Pablo Picasso: After Guernica. A major exhibition of 90 paintings, 60 drawings and ten sculptures representing his later work, with a special focus on the 1950s. Ends Feb 21. Closed Mon COLOGNE

Museum für Angewandte Kunst Jewels of Fantasy: 350 pieces of costume jewellery by names such as Chanel, Dior and Kenneth Jay Lane, tracing the social, economic and cultural influences on 20th century jewellery design. Ends Feb 7 FORT WORTH Kimbell Art Museum Egypt's Dazzling Sun - Amenhotep III and His World: 143 works, including colossal statues, wall

paintings, ritual implements,

on Tutankamen's illustrious

rainbow-coloured glass, focusing

jewellery, ceramics and

ancestor, who reigned 1391-1353 BC. Ends Jan 31 (this exhibition will be seen in Paris in the spring)

GLASGOW **Burrell Collection** Boudin at Trouville: a collection of paintings by the late 19th century minor master from Normandy, showing how one painter's view of the same seaside scene is affected by differing weathers and minimal regroupings. The period charm of the society scenes remains intact, but attention is diverted from the topical anecdote to what really interests Boudin - the infinitely

28. Daily THE HAGUE Mauritshuis The Mystery of a Ball Unravelled: the technical and historical investigation of a Flemish painting. Ends Feb 21. Closed Mon HANNOVER

variable play of sunshine and

cloud, wind and calm. Ends Feb

Sprengel Museum Picture Metamorphoses: an exhibition devoted to artists who drew inspiration for a variety of work from a single subject, with paintings by Manet, Leger, Emil Noide and others. Ends Feb 7. Closed Mon LONDON

Accademia Italiana Ruskin and Tuscany: around 270 exhibits, Including original works by Ruskin and associated artists, plus books and historical material, showing the impact of Tuscan culture on the Victorian polymath who became the most influential art critic and cultural historian in mid-19th

century Britain. The exhibition looks at the art and architecture of four major cities - Florence, Pisa, Siena and Lucca - and examines Tuscany's contribution to European civilisation. Ends Feb 7. Daily

Tate Gallery Visualising Masculinities: 13 paintings and sculptures from the Tate's collection, exploring questions about the display and meaning of the male body in art since the mid-19th century, and including work by Millais. Epstein, Pollock, Bacon and Longo. Ends June 6. Daily Royal Academy of Arts Sickert: 134 works from collections worldwide. Ends Feb 14. Daily National Gallery Munch: The Frieze of Life. Advance booking through First Call 071-497 9977. Ends Feb 7. Dally MARTIGNY Fondation Pierre Gianadda Ben

Nicholson: retrospective of the British abstract painter, Ends Jan 24. Daily NEW YORK Museum of Modern Art Matiese.

Ends Jan 12, Closed Wed (Admission by timed-entry tickets: call Ticketmaster 212-307

Metropolitan Museum of Art The Royal City of Susa: Ancient Near Eastern Treasures in the Louvre. Ends March 7. Also Masterworks from Lille: 100 paintings and drawings from the Renaissance to the 19th century. Ends Jan 17. Alexander Jackson Davis: great romantic of American 19th century architecture. Ends Jan 24. Loma Negra, a Peruvian Lord's Tomb: 3rd century

adornments made by the Moche people of Peru. Ends July 4.

Brooklyn Museum Frederic Bazille (1841-1870): 60 works by a precursor of the Impressionists. Ends Jan 24. The museum's collection of 58 Rodin sculptures has been reinstalled. Closed Mon and

Musee d'Orsay Sisiey. Ends Jan 31. Closed Mon, late opening Thurs (quai Anatole France)

Louvre Byzance: 400 ivories. silks, enamels, manuscripts, icons and goldsmiths' work. Ends Feb 1. Closed Tues (Hall Napoleon)

Musée d'Art Moderne de la Ville de Paris Figures du Moderne: 450 works by Kandinsky, Noide and other Expressionists. Ends March 14. Closed Mon, late opening Wed (11 ave du

Petit Palais French drawings of the 18th century, including works by Fragonnard, Watteau and Vien. Ends Feb 14. Closed Mon (ave Winston Churchill)

President Wilson)

Musée Picasso Crucifixion: an exhibition built around Picasso's masterpiece of 1930, and including works by Bacon, Sutherland and de Kooning which were influenced by it. Ends March 1. Closed Tues WASHINGTON National Gallery of Art The Greek Miracle: Classical

Sculpture from the Fifth Century

BC. Enda Feb 7. Also Elisworth Kelly (b1923):

40 paintings dating from his early years in France. Ends Jan 24. Contemporary Drawings and Prints from the Permanent Collection: 123 works, dating from 1970 to 1989, by David Hockney, Jasper Johns and others. Ends March 14, Art of the American Indian

by Woodland and Plains Indians in the 19th century. Ends Jan National Portrait Gallery Rembrandt Peale (1778-1860). Ends Feb 7. Daily Phillips Collection Georgia O'Keelfe and Alired Stieglitz:

Frontier: 150 objects produced

a conversation in paintings and photographs, with around 40 works by each, illustrating shared perceptions during their life together 1918-30. Ends April National Museum of Women In

the Arts Carrie Mae Weems: 120 photographs on the themes of race, gender and class among African Americans. Ends March 21. Daily Arthur M Sackler Gallery The

Golden Age of Sculpture in Sri Lanka, Ends Sep. Daily ZURICH Federal Institute of Technology

Night-pieces: 60 prints illustrating how artists have been inspired by darkness and its contrast with light, from early 16th century works by Lucas van Leyden and Dürer to the present day.

Ends Feb 12, Closed Sat and

eorge Bush put the finishing touches to his foreign policy legacy in Moscow the Start 2 agreement with Boris Yeltsin. But Presidentelect Bill Clinton may well wish his predecessor had taken the time to visit

For the unprecedented cuts in the world's nuclear arsenal agreed in Moscow hinge on the decisions of a country which was overlooked by the summit

In addition to Russia, three republics - Kazakhstan, Belarus and Ukraine - still have nuclear weapons stationed on their territories. Kazakhstan has already followed Russia's lead in ratifying the 1990 Start I treaty agreed between the Soviet Union and the US, which promised cuts in both countries' long-range nuclear missiles. Belarus can be expected to follow suit if Ukraine complies. But the Ukrainian parliament is resisting ratifica-tion of Start 1. And under the accord reached in Moscow. Start 2 cannot go into effect until the previous treaty is rat-

Moreover, in the view of western military specialists, Ukraine is the only non-Russian republic with the capacity to become a nuclear power. It is home to many of the factories used to develop the Soviet nuclear arms industry, and the government in Kiev has won over the loyalty of most of the former Soviet soldiers serving within Ukraine's borders. As a result, many of the personnel guarding the 176 inter-conti-nental ballistic missiles stationed on its territory take

Thanks to the combination of military potential and political resistance, Ukraine has suddenly emerged as the criti-cal piece in the international

disarmament puzzle. Resolving the issue of Ukraine's nuclear arms is complicated by the divisions vocal minority comprising Ukrainian nationalists and excommunist hardliners contends that nuclear weapons are Ukraine's only guarantee against aggression from Rus-

It believes such safeguards are increasingly important, as relations between the two countries have deteriorated following disputes over the division of the Black Sea navai fleet and Ukraine's eastern bor-

The Ukrainian ministries of defence and foreign affairs, by

## Ukraine puts brakes on Start

Kiev might obstruct nuclear cuts, says Chrystia Freeland



Kiev controls missile personne

continue to support contrast. of nuclear weapon Marshal General Konstantin Morozov, the liberal minister of defence, has repeatedly warned the Ukrainian parliament that retaining the country's nuclear weapons would be prohibitively expensive and technically complicated, and that they should be removed in line with the Start 1 treaty. His views are supported by President Leonid Kravchuk and Prime Minister Leonid

But removal of nuclear wear ons requires the agreement of parliament, and that will not be easy to win. Mr Dmytro Pavlychko, the influential chairman of the parliamentary commission on foreign affairs, has said that the legislature will not consider Start 1 until the country's economic reform programme has been approved by parliament. Even then, ratification of the treaty will

face a long and difficult pas-

sage. One reason is that Ukraine's fragmented legislature has begun to vote with increasing autonomy and is less amenable to control from President Krav-

But there is a second explanation. Having understood the strength of its bargaining position, Ukraine is determined to get something in exchange for surrendering its nuclear weap-ons. Its two principal desires are economic aid and security

guarantees. The issue of economic aid is fairly straightforward. Ukraine is seeking \$1.5bn in aid from the west to offset the cost of dismantling the missiles, and has hinted that a \$2bn-\$3bn fund to support the Ukrainian currency would speed ratifica-tion. After November's announcement of an economic reform programme by Mr Kuchma, western governments may be more willing to supply such finance.

Security guarantees, however, are more contentious. Ideally, Ukraine would like public pledges of western assisance in the event of Russian aggression. Aware that they are unlikely to receive such pledges, Ukrainian diplomats are proposing a compromise: that all nuclear powers, or at least Russia and the US, guarantee that they will not attack Ukraine with nuclear or conventional weapons.

To date, western govern-ments have been dismissive of Ukraine's efforts to create a special security arrangement, and have instead exerted pres-sure on Kiev to ratify Start 1. Lawrence Eagleburger, US secretary of state, has warned of a serious deterioration in bilateral relations if the treaty is not ratified.

A year ago, when Ukraine was a fledgling state on the brink of independence, a complete renunciation of nuclear weapons might have been won in exchange for an earlier and more enthusiastic acceptance of Ukraine into the international community.

Now, after receiving only grudging international recogni-tion and no substantial financial aid, Ukraine has adopted a tougher stance in diplomatic negotiations. Pressure from the US to eliminate its nuclear weapons has antagonised many Ukrainian politi-

As a result, Mr Clinton, who will be responsible for the next round of disarmament talks. may find the going much harder in Kiev than his predeThe conservative revolution could still have further to turn, writes Michael Prowse

## Report of its death an exaggeration

seems no question that free-market doctrines are gaining

ooking back, global

changes in political

mood seem too obvious

to miss. At least two

shifts stand out since 1945. The

first, in the early 1960s, marked

the end of the grey, cautious

postwar years and the coming

of age of a confident, socially progressive generation. But the high spirits soon fizzled out

amid the economic troubles of

the 1970s, creating space for the conservative revolution of

Margaret Thatcher and Ronald

It is tempting to argue that a

third shift is now under way.

In the US, the election of Mr

Bill Clinton has drawn a line

under 12 years of conservative

presidential rule. Against the odds, Mr John Major has clung

on to power in Britain, but his

government seems in almost as much disarray as the defeated

US Republicans. It seems an

age since the late 1980s when a

triumphant Mrs Thatcher, promising to go "on and on and on", launched a blitzkrieg

of market-oriented reforms,

affecting just about all parts of

society, from healthcare and

The "economic miracles" of

the 1980s seem equally distant.

In much of the industrialised

world, the most obvious lega-

cies of free-market economics

are deflating asset prices and excessive levels of debt. In the

UK, a government that once

proclaimed the importance of

fiscal probity finds itself run-ning some of the biggest defi-

In the US, the changes are

just as striking. The Reagan/ Bush "supply-side" theory that

tax cuts would revitalise the

economy without creating defi-

cits is discredited. Mr Clinton's

"people first" economics, involving large public invest-ments in areas such as educa-

tion and training, healthcare

and infrastructure, is rapidly

becoming the new orthodoxy.

The affluent are bracing them-

It would be too hasty, how-

ever, to conclude that the con-

servative revolution is over.

The 1980s appear to have

changed attitudes, perhaps for good, in many countries.

Asked to cite a viable alterna-

tive to free-market capitalism,

democratic socialists used to

shout "Sweden", which for

decades had grown rapidly

despite the claims on resources

of a large and intrusive state.

move into the European main

stream by curbing welfare

spending, cutting tax rates

and subjecting the government sector to market disciplines.

And if you look beyond the

But Sweden is now trying to

selves for higher taxes.

cits in British history.

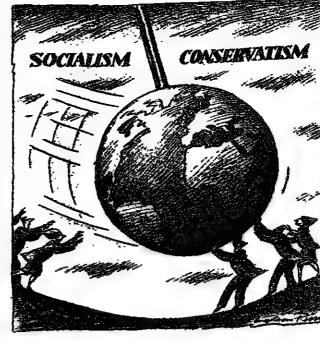
education to the law.

There is a fierce debate about how best to reform the economies of eastern Europe and the former Soviet Union. But the goals are less often questioned: few doubt the importance of establishing a functioning market system in which industry responds to the demands of consumers rather than vice versa. The collapse of state communism, moreover, has helped undermine confidence in large bureaucracies everywhere.

A less celebrated, but nearly as startling, transformation is under way in the third world, where many countries, disfilusioned with the socialist-style economic planning introduced after the second world war, are relying more heavily on market-oriented policies. If the economic reforms gathering momentum in China are taken into account, there seems no question that the world as a whole is moving in a free-market direction

it seems doubtful, moreover whether the ideological backsliding in rich countries will be maintained. Led by Mr Clinton, the US is likely to fill holes in its social safety net. But the US will be merely catching up with reforms introduced decades ago elsewhere, not blazing a new trail.

eanwhile, at least two kinds of economic and social change may increase the role of the market. Fears in the 1950s and 1960s that giant monopolistic companies would gradually dominate all areas of economic life seem unfounded. In many sectors personal computers, for exam-ple - rapid technological change appears to favour smaller, more flexible companies. Efficient production, moreover, may no longer require the physical presence of huge numbers of workers. In knowledge-intensive industries, "telecommuting" from home is becoming practicable



for increasing numbers of

Putting these trends ogether, it seems at least possible that the era of corporate giants offering lifetime employment is drawing to a close. Yet if more people work in small companies or as independent contractors, the proportion of economic activity governed by market transactions, rather than bureaucratic interaction within large organisations, is likely to rise.

Steady growth in per capita incomes may result in higher demand for private social services as people grow increasingly frustrated with the standardised services offered by the state. Indeed there may be a natural "life cycle" for the public sector. Following industrialisation, the state grows rapidly to provide poor and middle-class families with services - such as education, healthcare and pensions that they cannot afford to buy privately and which were previously the preserve of But as a rising proportion of the population achieves the prosperity once enjoyed by the few, more families become capable of meeting their needs privately. Demand for private education, for example, is likely to continue growing. But a withering of the state as the bulk of the population becomes affluent (by past standards) is not inevitable. It may maintain market share by improving the quality and diversity of its services; and, to the extent that deprivation reflects differences in the relative, rather than absolute, incomes of rich and poor, it will retain a role in

reducing inequality. The sheer youth of the conservative revolution is a further reason for doubting its early demise. The socialist reaction against market capitalism became a powerful political force toward the end of the 19th century. But socialism was not a one or two-decade wonder. The arguments for greater social and economic equality and more extensive government regulation of (and substitution for) free enterprise throughout the world for the next 70 odd years.

Policies, however, adjusted fairly slowly - and with some setbacks. In Britain, the more radical ideas advocated by Fabian socialists at the turn of the century - such as the need for sweeping nationalisation of industry and very high marginal tax rates — were not implemented until after the second world war. But for many decades the direction of social change did not seem in doubt; after 1945 even bastions of free enterprise, such as the US. imposed top income tax rates of about 90 per cent.

he conservative revo-lution of the late 1970s could be merely an interruption of this longer-term "socialist" trend. But it seems more likely that a natural limiting point was reached - in western democracies as well as former communist countries. By the late 1970s, a case could be made in most countries that big govern-ment and high taxes were beginning to exact a price in terms of diminished personal incentives and reduced industrial efficiency.

The world is thus probably

now tacking back erratically to a revised (and socially more responsible) version of the *iaisser-faire* doctrines of the 19th century. Mr Clinton's victory and the Major government's descent into fuzzy pragmatism are not inconsistent with these deeper forces. Both leaders are less ideological than their predecessors, but neither is seeking a return to the 1970s; the market-oriented reforms of the 1980s will mostly stand.

The best analogy is perhaps with the 1950s when rightwingers such as Dwight Eisenhower and Winston Churchill had to accommodate themselves to their times; neither tried to reverse social reforms of the 1930s and 1940s. We are thus still in a conser-

vative era. But the 1990s are a decade of consolidation; people are catching breath after the ideological tumult of the 1980s. Yet if the pace of change in the past century is any guide, the conservative revolution is still in its infancy. Do not be surprised if ideas that seemed to die with the passing of the Reagan/Thatcher era reappear in new - and more outrageous guises within a few years. We have not, by any means, heard the last from libertarians seeking to "empower" individuals by abolishing higher rates of tax, rolling back the welfare state and purging the economy

#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

### Clinton volunteer youth corps plan an example for the UK

From Ma Elisabeth Boodless. Sir, Your report of Presidentelect Clinton's plan for a nationwide circulation volunteer corps ("Citizens corps to the rescue", January 4) raises the question: why not here too? Never before has Britain more needed youthful energy to tackle community care of the mentally ill and frail elderly; to assist health and social workers, crime prevention officers and youth leaders. At the same time we are wasting the energy and talents of more than 1m under-25s through mass unemployment, and building an alienated underclass. Also, student debt is so high that many talented teenagers are dropping out or London NI 9NJ

eschewing higher education.

An initiative which tackles four intractable problems at once deserves urgent consideration. However, our fear is that the compartmentalised shape of government cannot implement a solution to four different departments' problems: community care (Department of Health); youth unemployment (Department of Employment); crime (Home Office); and student debt (Departmen of Education). Perhaps the First Lord of the Treasury

Elisabeth Hoodless,

237 Pentonville Road,

#### BBC should give customers what they want with Radio 4

Sir, I have heard that the BBC intends to stop broadcasting Radio 4 on long wave.

There must be thousands of British expatriates like myself for whom Radio 4 is the main cultural link with Britain. To me Radio 4 is simply one of the pleasures of life, and the idea of it being replaced by a continuous news programme seems quite absurd.

We have quite enough of these already, including the BBC's own "648", Radio Europe, and I cannot see anyone wanting to listen to the same items of news being repeated endlessly (except in | The Netherlands

times of emergency like the Gulf war, but then sched-ules can be rearranged any-

way).
The BBC is supposed to be a public service which should give its customers what they want. L and by all accounts more than 90 per cent of listeners, want Radio 4.

I should be grateful if you would use your influence to see that the BBC abandons its plans for an unwanted new service and keeps Radio 4 on long

Jan van Scorelpark 58. 1871 EZ Schoorl,

#### Separation of private and public medicine may be answer in London

Sir, Peter Draper's views on the Tomlinson report ("Look to consultants for NHS effi-

ciency", January 5) are shared by most of those who have considered its analysis and recommendations in any detail. The crucial point is that primary care facilities in the capital are desperately in need of

upgrading, but this should be done on its own merits and not be dependent on running down the hospital sector. The views of general practi-

tioners are particularly relevant here as they, with patients, are supposed to be the main beneficiaries of Tomlinson. Their response indicates that they reject the assumption that London is currently overprovided with hospital beds, see the necessary improvement in general prac-tice as needing time as well as a lot of money, and think that by revealing unmet need those Improvements may increase rather than reduce the requirement for hospital beds.

The latter part of Dr Draper's article gets on to less familiar ground with his argument that consultants are the key factor in efficiency of hospital bed usage, particularly the amount of time they actually spend on Oxfordshire OX17 1QH

their NHS commitments. Although this point has not hitherto received a great deal of publicity in the non-medical press, there is no doubt that consultant absence can lead to delay in discharge from both in-patient bed and out-patient

The Kings Fund report that Greater London consultants earn more from private work than from the NHS is even more startling when it is realised that about half of all consultants are on whole-time contracts and are officially limited to earning not more than 10 per cent of their NHS salary from private medicine. There has been considerable movement in recent years towards

blurring the edges between private and NHS. Perhaps Tomlinson (and Draper) have provided the stimulus to rethink this and consider whether separation, at least in the capital, might not be more appropriate and cost-effective. Peter Fisher,

chairman National Health Service Consultants' Association, Hui House. Great Bourton. Nr Banbury.

#### No colour blind mice here

From Lady Cortazzi.

Sir, May I add one more item to "20 things you didn't know..." (January 4)? The field mice seeking comfort in the winter rummage in my recipe drawer in the country to the country of t

try and devour cuttings from The Times but eschew the pink pages of the FT. Long live the pink 'un! Elizabeth Cortazzi,

### Education for mature students too, not just an elite of teenagers

Sir. While agreeing with much of your editorial on higher education policy ("Uni-versity challenge", January 5), some comments seem not to appreciate changes in the stu-dent population over the past

The view that higher education is "giving teenagers a first chance to live away from home" ignores the fact that the majority of those enrolling on courses are now classified by the Department of Education as mature students, over the age of 21, most of whom will have contributed as taxpayers towards the cost of their maintenanca.

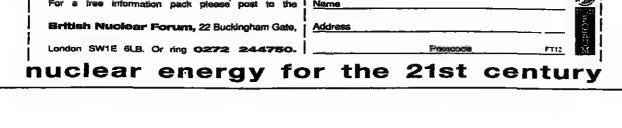
In addition, the decision to concentrate extra funding on further education for 16-19year-olds" fails to note that although most full-time students in further education may be school-leavers, the majority of enrolments in most colleges are from adults following part-time opportunities.

The establishment of a

learning is envisaged in the National Education and Training Targets, devised by the ing Targets, nevised by the Confederation of British Industry and endorsed by the TUC and government. Whether or not the FT subscribes to this solution, your readers are not well-served by an assessment of the problems facing further and higher education which and higher education which sees post-compulsory educa-tion as a finishing school for an elite cohort of teenagers. Determining the relative con-

broader system of lifelong | tributions which individuals. employers and the state should make towards meeting the costs of learning is complex enough without concern about a "right to study away from home", which is increasingly irrelevant to adult learners. Alastair Thomson, planning and developmen

officer. National Institute of Adult Continuing Education (England and Wales), 19b De Montfort Street.



Nuclear energy. The power

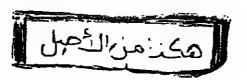
that generates 100,000 jobs.

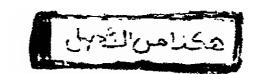
Over 100,000 Jobs hinge on Britain's nuclear industry. In some parts of the UK, nuclear power is the mainstay of industrial and social well-being. Spin-offs

from It benefit nuclear medicine, industrial research, fuel efficiency and mineral

exploration. Exports to Japan, Germany and elsewhere are worth billions of

pounds to this country. To know more about the role of nuclear power in a balanced energy policy, please send the coupon to the British Nuclear Forum.





### FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday January 8 1993

# Targeting Saddam

fraq has once again staged a confrontation with the west, by moving anti-aircraft missiles into the no-fly zone imposed by the US, Britain and France in southern Iraq last August. The western allies have responded with the firmness he should by now have learnt to expect. Why does Mr Saddam keep on doing it? The idea that he is testing the

incoming US administration seems implausible, given that it is not yet in office. More probably he calculates that any confrontation with the west, even one that ends in yet another humiliation for him, will rebound to his political advantage. He certainly knows that other Arab states are unhappy about the west's self-imposed role as military protector of certain categories of the Iraqi population, sharing his view that the operation to save the Kurds in 1991, and the no-fly zones subsequently proclaimed in both north and south, go beyond anything authorised by UN Security Council resolutions.

So he may well prefer to focus attention on that issue, at a time when food prices in Baghdad are skyrocketing, when there are rumours of unrest in the armed forces, and when the Kurds in the north have joined Arab opposition forces in exile to form an Iraqi National Congress, with offices in

The question western leaders should ask themselves is not whether to respond to Mr Sad-

PRESIDENT SADDAM Hussein of little choice. Rather they should ask whether it is sensible to leave him the initiative. They have justified their intervention in both north and south by reference to Resolution 688, which demanded that Iraq put an end to repression, called for a dialogue "to ensure that the human and political rights of all Iraqi citizens are respected", and insisted on "immediate access by international humanitarian organisations to all those in need of assistance in all parts of Iraq". Manifestly those demands have not been

> Repression in the south continues, with virtually no access for any international organisations. In the north the Kurds are denied energy and fuel supplies in an exceptionally harsh winter.

> The west should take the initiative. It should turn the southern no-fly zone into a safe haven obliging Mr Saddam to remove not only his anti-aircraft batteries but also his repressive forces, as he has done in the north; and it should strengthen the safe haven in the north by ordering him to remove his troops from Faida, where they are blocking the main supply route from Turkey into

The longer-term objective must be to make the whole country a "safe haven" by making it impos-sible for Mr Saddam to continue his repressive regime. If President George Bush will go down in history as the liberator of Kuwait, it

The likely rise in the US bilateral trade deficit with Japan could

turn out to be politically explosive

for Mr Clinton, Japanese con-

sumer demand for US imports is

likely to remain subdued this

year. While the US dollar has

barely appreciated from its Sep-

tember low against the yen - the

soaring dollar is, in fact, a collaps-

ing D Mark - the economic funda-

mentals of competitiveness and

trade performance have required a

much larger yen appreciation against the dollar than has

occurred in recent years.

If Mr. Clinton had appointed

macroeconomists to senior posts

in his administration, they would

be explaining to him that Amer

ica's unbalanced fiscal and mone

tary policies are largely to blame

for the US's unhalanced trade per

formance. The danger is that his

current economic advisers might

substitute Japan-bashing protec

Yet what the US needs is

co-operation with Japan, not confrontation. The best way to

achieve a depreciation of the dol-

lar against the yen is through

complementary fiscal measures in

Washington and Tokyo. A return

to US budgetary health, combined with an offsetting reduction in

Japan's budget surplus, should

help to reduce US long-term inter-

est rates and push up the value of

the yen. Only then can Mr Clinton

hope to sustain a healthy recov-

ery, suppress his party's protec-

tionist instincts and mollify the

fifth of the US electorate who were

persuaded by Mr Ross Perot's

tionism for intellectual rigour.

### Dollar dangers

THE US ECONOMY which President-elect Bill Clinton is about to inherit looks radically better than the one Mr George Bush was required to defend last autumn. Mr Clinton can afford a sigh of relief. But only a small sigh. Economic recovery does not mean that America's mediumterm economic problems will go away. They mean, instead, that the medium-term will arrive faster than expected.

The US recovery solves one dilemma for Mr Clinton. Proponents of an expansionary fiscal package now look dangerously out of date. Confidence has revived since November's election, economic growth has returned and memories of September's sickly dollar have been erased by its recent strong appreciation in European markets. Even a modest fiscal boost now looks risky, especially as the administration has at last admitted that the federal budget deficit will be much larger than previously thought.

Yet a robust US recovery will quickly lead to deficit problems of a different sort. The revival in US consumer spending, alongside the deepening depressions in Europe and Japan, have already led to a deterioration in the US trade deficit. The short-term outlook does not suggest anything other than more of the same. There is little prospect of a revival in European consumer demand in the next six months while lower European interest rates, when they finally: arrive, will push the dollar still higher against America's Euro-

### Labour's

NOT BEFORE time, British Labour politicians have begun to argue openly among themselves. This is good news. We need the possibility of an alternative government, and unless Labour knocks itself into shape, we will not have one. The party has lost four general elections in a row. Its research suggests that it made few converts among wavering Conservatives last year, in spite of the continuing recession and the dis-array into which Mr John Major and his cabinet fell. Constituency changes will tilt the electoral odds further against Labour before it has another chance to fight. There is little reason to believe that it will not lose again in 1996.

Such a defeat could precipitate a gradual dissolution of the party. Finding a means of avoiding that grim fate is a matter of some urgency. The present debate is between those who demand rootand-branch change - the modern-isers - and those who insist on emphasising the party's working-class roots - the traditionalists. The modernisers, led by Mr Gordon Brown and Mr Tony Blair, see merit in learning from President-elect Bill Clinton's victory in the US; the traditionalists, spoken for by Mr John Prescott, reject this. They seek to protect what they call the "heart and soul of the Labour party", whose nature is defined by its historic links with

The traditionalists' stance has the merit of clarity, but little else. It is no use going back to an electorate with a socialist, or statist.

the trade unions.

or impossibly egalitarian manifesto if that is repeatedly rejected. That is the central lesson of Mr Clinton's campaign. He sought to convince Reagan Democrats and aspiring middle-class voters that, while he wished to give the poor a hand-up, his was not a party for losers alone. American political methods and ideas cannot easily be transplanted, but that does not mean that there is nothing to be learnt from November's victory. Traditional Labour has become identified in the electorate's mind with the worst-off third of society. Working-class Thatcherites know that. Mr Brown and Mr Blair would seek to broaden Labour's appeal among the middle third where elections are won and lost.

Labour will get nowhere unless it convinces itself, and in consequence the voters, that it is eagerly responsive to middle-class concerns. All else is detail. Some new strategies may be proposed by the various committees set up by the party's leader, Mr John Smith. One is studying links with the trade unions; another, "social justice"; a third, electoral reform. The best answers are clear. Labour needs a divorce from the unions. Welfare benefits will have to be means-tested if taxation is not to be impossibly high. Constitutional reform is an attractive policy for Labour. Yet none of this will be on offer unless Mr Smith leads the party in the modernisers' direction, and all of it will be insufficient unless he contrives to win the trust of affluent or would-be affluent voters.

🖣 hree years ago, Barbara gave up ber full-time teaching job and left London for the south coast where she now juggles three part-time jobs, one with a charity and two in further educa-tion. Harry lost his job as finance director of a medium-sized company when it was taken over 18 months ago and now has a semi-permanent consultancy job and a small busi-

Barbara and Harry represent the future of employment: part-time, service-sector and knowledge-based work. By the year 2000, 1.2m mainly full-time jobs in UK manufacturing and utilities are expected to go. Over the same period nearly 2m jobs in services will be created, but more than half of them will be part-time - a trend underlined by yesterday's announcement from the Burton Group that 1,000 full-time jobs were being converted into 3,000 part-time ones.

Barbara and Harry may also represent the coming of age of the "portfolio" job - two or three smaller jobs, or projects, which together make up the hours and pay of one "normal" job. Until now the portfolio job has been the preserve of writers and artists at one end of the scale and the fate of low-income, working mothers at the

But as white-collar and executive unemployment rises and companies continue to contract out all but their essential "core" jobs, the portfolio is likely to become unavoidable for many and may even be chosen by a minority.

"The portfolio job is not going to become the norm, but it will become a growing necessity for people who cannot return to traditional employment and may even appeal to some people with sought-after skills," says Professor Robert Lindley of the Institute for Employment search. Currently about 1m people in the UK have more than one

Even the majority, who continue in traditional full-time jobs will, if they are ambitious, have "multiple careers", spanning an increasing number of employers.

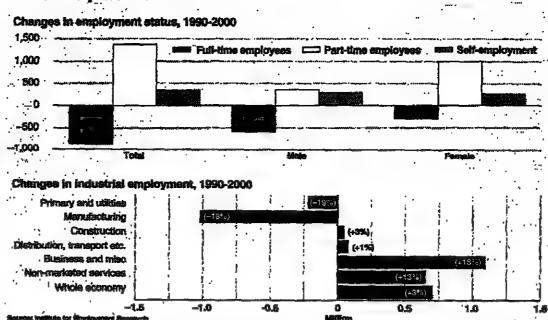
Until recently it was deemed essential to have at least three significant career changes in one's lifetime in order to secure jobs with good pay, quality training and promotion prospects. Now the threshold has risen to four, with every likelihood of a further increase in this decade," says jobs consultant Professor Amin Rajan of the City University Business

Where will the ambitious, and the less ambitious, find jobs in the next few years? The main source of new part-time jobs will be in the services required by a growing number of elderly people and the continued

## Just the job for the future

UK employment is increasingly part-time, and based in the expanding service sector, says David Goodhart





growth of the leisure industry, while most of the new full-time jobs will be in business services.

The Institute of Employment Research has calculated that during the 1990s public services, primarily healthcare, will create 676,000 jobs; miscellaneous services, covering sports, theatres and personal services such as childcare will create 650,000; business services, including banking, law, accountancy, software and consultancy, will create 416,000 jobs; and hotels and catering 248,000.

Some occupations, such as software experts, will grow even in secufacturing, and others will contract even in growing service sectors. According to the latest report of the Institute of Careera Guldance on jobs in the 1990s, about 65 per cent of the routine tasks performed in fast-growing professions such as accountancy, law, medicine, risk ssment and fund management could be automated. So in those sectors there will be growing demand for information technology experts. who will be installing and maintain-

ing computer couldment, and fewer

opportunities for secretaries or clerks, who risk being automated out of existence

In a breakdown of changes in occupational employment between 1990 and 2000 the institute expects three main groups to shrink and six to grow. The biggest drop, of 14 per cent, is expected in blue-collar, shop-floor jobs. The biggest rise, of

Women are expected to break into higher-status full-time

jobs in much larger numbers, stimulating demand for childcare

21 per cent, is found in professional occupations including scientists, health and education professionals, finance specialists, lawyers, tax experts and marketing specialists. But an 11 per cent rise is also predicted for personal and protective services including childcare, security, travel and catering. The overall conclusion is that

tinue to replace blue-collar, manufacturing jobs. But the new white-collar jobs will be split into two types. On the one hand will be the high value-added jobs in areas such as finance, law, medicine and technology, taken by "knowledge workers" - defined as highly qualified individuals skilled at problemsolving and able to shoulder varied responsibilities. They are now one in three of the workforce, according

white-collar, service jobs will con-

expects them to account for two out of every five jobs. On the other hand are the low value-added, low-skilled jobs in services such as hotels, personal services and dry-cleaning. Overall, those low-skilled jobs will represent a declining proportion of an increas-ingly skilled workforce. But the growing number of older people will require an increase in both the high

to Prof Rajan, and by 2000 he

surgeons to cleaners. Other trends, such as environmentalism, will stimulate demand for particular specialists, for example in waste management. But

and low-skill service jobs - from

on the relative success of different sectors and companies over the next few years. In the short-term Prof Rajan expects a net loss of 130,000 UK jobs as a result of the cost-cutting prompted by the European Community's single market, but believes that several industries will buck that trend: manufacturing - in chemicals, pharmaceuticals, electrical plant, telecommunications equipment and brewing; and services - in air transport, data processing, banking, insurance, law, accountancy and management con-

sultancy. In the very short term many sectors set for employment expansion are likely to see some recession-induced cuts. The Manpower Survey of Employment Prospects for the first quarter of 1993 found a net 36 per cent of banking employers expecting to cut staff, worse than any other sector apart from local government. In hotel and catering a net 32 per cent expected staff loss in community services 20 per cent and in healthcare 9 per cent.

Unemployment, which will soon touch 3m, should start to decline by the mid-1990s. By then the population of working age in the UK will have stopped growing but, owing to an increase in female participation from 65 per cent to 70 per cent, the number of people actually working or seeking work, will continue rising slightly.

The workforce of the future, therefore, will not only be more part-time, service-sector based, knowledge-driven and elderly, but also be more female, meaning a much faster drop in female unemployment compared with

According to the institute, women will take almost all of the jobs created between now and 2000, although many will suffer "down-ward occupational mobility" when they return to work after child-rearing. Women are also expected to break into higher-status full-time jobs in much larger numbers than now, further stimulating demand for childcare and other forms of personal service. In the legal profession women currently account for 50 per cent of new entrants and in accountancy the figure is 30 per

Almost all observers predict strong growth in self-employment (now about 15 per cent) and in the number of employees working in small and medium-sized companies. More dramatically, Sir John Har-vey-Jones, former ICI boss and now company doctor, believes that nearly half of all factories in western Europe will close by 2000 as a result of competitive rationalisation in the wake of the EC's single market and freer world trade. If that is true, the model worker of the late 1990s will be a part-time, female

## The private sector that is driving China



seems to be quite Like sure. The language in which the government describes PERSONAL itself, articulates

VIEW policy and looks to the past and future is that of a communist country. Yet it is obviously not the same kind of system as has come to such a sudden end in the former Soviet Union and eastern Europe. It is not just that it has proved more durable and successful, growing at 9 per cent a year in the 1880s. It has adopted many features of a market economy that used to be thought inconsistent

with communism.
In particular, it is in the process of developing a capital market when many economists a generation ago would have argued that a defining characteristic of communism is the absence - indeed the suppression

- of a capital market.
In the labour market one finds the same apparent contradictions. A basic tenet of communism was that

vate entrepreneurs in the cities are now hiring workers, albeit with state controls on the numbers of labourers an undertaking may hire. As the problem of memployment emerges with reform of state-owned enterprises, these controls on private employment are increasingly

being relaxed.

This is in fact part of the single biggest change in the Chinese economy over the past decade: the rapid growth of small-scale township and village enterprises (TVEs) produc-ing consumer goods both for the domestic market and for export. Whatever the ownership arrangement (nominally collective ownership), their management is almost entirely independent of govern-ment. The scale of change is evident in all directions: a meteoric exports increase has converted China into a major surplus country in the past decade, with former state monopolies facing growing market competition and declining profit margins. Between 1979 and 1989 the state had become a much smaller factor

the state, as distinct from the private and collective sectors, accounted for some 35 per cent of the output of goods and services just above the government share in several European countries.

Another change is the devolution of control over financial resources from the centre to the provinces. enterprises and, above all, to bouse holds, whose savings have increased dramatically. Where central government had formerly to generate forced savings through low wages, price control and com-pulsory profit remittances in order to finance new intrastructure and heavy industry, now it is unable to balance its budget and has to borrow to cover its deficit.

The state has allowed local governments to retain larger funds without any assurance that they will take over responsibility for meeting the economy's rapidly growing capital requirements, which are increasingly met from household savings that now represent 70 per cent of total savings.

**OBSERVER** 

very different from one in which taxation is the source of nearly all new capital accumulation. True, the banks are mostly governmentowned and can direct capital in directions officially determined. But they have obligations to depositors who are free to withdraw funds. So there may be hesitancy, as there would be in the west, over converting liquid funds into long-term investments in real assets.

The government has sought to overcome this problem by issuing three to five-year bonds, but this may not meet the requirements of savers who are liable to encounter sudden needs to realise their funds and would welcome a bond market for that purpose. Other savers may be disposed to seek more risky and remunerative investments in the form of shares. And here, too, there is evidence of an eagerness of Chinese savers to participate in a newly developing market.

The increasing use of a market system has been evident in the opening of the economy to trade. At

What type of econome could sell the product of in the economy. Its share of total nomic regime prevalls in China farmers in the countryside and priced to the country that relies on house the end of the 1980s the annual hold savings to provide 70 per cent trade surplus was running at the end of the 1980s the annual trade surplus was running at US\$8bn and China's foreign exchange reserves had grown by early 1992 to US\$46bn - not far short of its foreign debt of US\$53bn. One of the most autarchic countries in the world changed into one of the most open, with exports as high as 17 per cent of GDP. China, with a more limited reform

seends then the Commonwealth of Independent States and eastern Europe, has alone among any former or current centrally planned economy successfully transformed a shortage economy into one of excess aggregate supply. In a number of respects, its economic system in its structure and use of markets is much more favourable than that of the CIS and eastern Europe to a successful transition to a full market system - if and when the political decision is made to do so.

Sir Alec Cairneross and Dr Cyril Zhiren Lin

The authors are, respectively, chairman and a director of the Centre for Modern Chinese Studies

#### On the warpath

Alfred Kahn, 75-year-old vicillard terrible of the aviation industry, was hunting for scalps again yesterday. Best known for initiating US

airline deregulation when boss of the Civil Aeronautics Board under Jimmy Carter, he was speaking at a Brussels bash organised by British Airways to promote its views on air liberalisation. Economist Kahn delivered two

public punches, denouncing BA's bid for a stake in USAir which failed just before Christmas as "anti-competitive". He then likened the reasoning of Air France chairman Bernard Attali to that of Fidel Castro.

Observer gathers that Kahn is also leading the charge to ensure Bill Clinton's administration stays liberal on the aviation front. A lifetime Democrat, Kahn is exercised that one Paul Dempsey. professor of law at Denver University, may be in line for a key assistant secretary's job in the transportation department.

Dempsey, snarls Kahn, has written much about the need to re-regulate and would be "a complete catastrophe. His work is biased and is based on irresponsible use of statistics. He deserves no professional respect".

Kahn's preferred candidate for

the lob is Dan Kaspar, a faculty

Surprisingly well, it seems.

member at Harvard who, like Dempsey, has done a period at the CAB. Students of the battle for Clinton's economic soul should watch this space.

#### Over-shallowed ■ Burton shares have been

wonderful performers these past three months, but there must be a danger that in the efforts to purge the ancien régime, the new management may be overdoing the boardroom cleansing. The latest shake-out leaves the

average length of service of the executive directors - including the chief executive who has been on the board since 1987 - at under three years. Of the two executives resigning, one had been on the board seven months and the other 18 months.

Contrast this with Marks & Spencer, where the latest annual report puts the average board experience of the 15 executive directors at nearly nine years.

#### Flood tide

■ How does a small island community of 22,000 people cope with not one but two waves of pollution - the second being the deluge of journalists and other carpet-baggers who've descended on Shetland since the good ship Braer hit the rocks on Tuesday?



tomorrow - I'm part-time now'

Although the supply of hire cars was soon exhausted, and Radio Shetland had to appeal for spare beds, demand has not massively exceeded the 1,880 rooms available on the main island. Meanwhile, taxis have done a roaring trade ferrying hacks, at £19 a trip, 25 miles back and forth between Lerwick and the Sumburgh rescue

Teddy transfer

■ Brussels officials' dreams of monetary and political union won't be any sweeter for the impending loss of their "Teddy Bear" - alias Jürgen Trumpf, Germany's

ambassador to the European Community for the past three years. Having earned the nickname because of his softly-spoken modesty, the 61-year-old is returning home to be state secretary in the Bonn foreign

ministry.
While his replacement in Brussels isn't yet named, Trumpf will certainly be a hard man to follow. He was much admired by diplomata for his knowledge and negotiating skills, particularly in the run-up to the Maastricht treaty. A true believer in European

union, he was dismayed by the recent decline in public support for the enterprise. He also fretted about his own country's attitude to the community. Perhans that's why he once said he could imagine an EC without Germany, but not without France.

#### Loss leader

■ However much Britain's industrialists may talk about exercising leadership, they've scarcely been at the forefront in accepting pay-restraint. But with public-sector staff limited to rises of 1.5 per cent this year, one high executive may be about to set a spectacular example.

He is Mike Bett who, although earning around £250,000 as deputy chairman of British Telecom, is front-runner to take over the government's Acas conciliation service where he'd be paid only

£60,000 or so. The reason is that, after the departure of current Acas chairman Sir Douglas Smith who's on over £80,000, the post is to be pegged back to a lower civil service

Bett, now 57 and one of the UK's

most experienced industrial relations experts, has seen his BT role whittled down by the transfer of duties to other senior executives. But if he makes the move, the pay-cut should be somewhat compensated for by the knighthood

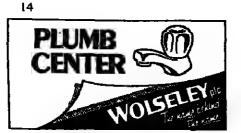
traditionally conferred on the Acas chief - especially if he gets it ahead of BT chairman lain Vallance.

#### Cross channel ■ Why are certain staff of TV's

Channel 4 referring to its formidable director of programmes Liz Forgan as "Birt In A Skirt"? Although she remains

uncharacteristically silent, growing numbers of colleagues believe that new BBC director-general John Birt will announce next week that the former Guardian women's page editor is joining him in a senior role. It could even be, some say. as managing director of broadcasting.

If so, crusty Baron Wyatt of Weeford will no doubt become even crustier. He lately told the House of Lords that "this fearsome lady "of staunch left-wing opinions was not fit to be in charge of any programmes anywhere".



## FINANCIAL TIMES

Friday January 8 1993

CONSTRUCTION
TELEPHONE 081 689 2266 Giving construction a good name

### Passive smoking risks spelt out

ABOUT 3,000 US non-smokers die from lung cancer caused by exposure to tobacco fumes each year. "Secondhand" smoking produces 150,000-300,000 cases of bronchitis or pneumonia in children under 18 months each year. Up to 15,000 of those infants end up in hospi-

These are the conclusions of a long-awaited report on "environ-mental tobacco smoke" (ETS). published yesterday by the Environmental Protection Agency, the US federal agency responsible for air and water quality. It is an incendiary document, guaranteed to fuel arguments about smoking's social dangers, and to raise the possibility of tighter smoking

The study has been a long time in the making. A draft version, suggesting that tobacco smoke was a serious carcinogen, was published in June 1990, and drew fierce response from the tobacco industry. In 1991, an EPA science advisory board sent the report back for better justifica-tion of its conclusions . A second review last summer endorsed the

US study says exposure to tobacco fumes is responsible for the deaths of 3,000 non-smokers every year

The conclusions are on both analysis of ETS and its human "uptake"; on a review of some 30 statistical studies which have examined the relationship between lung cancer and exposure to secondhand smoke in people who never smoked; and on about 100 studies which looked at the respiratory impact of ETS on

Aside from the headline conclusions - that ETS is a human lung carcinogen, responsible for several thousand deaths each year - the EPA has also decided that exposure to ETS increases the risk of asthma for "normal" children, and the severity of symptoms in children prone to

All this has prompted a sharp counterattack by the tobacco companies. Philip Morris called a press conference at which it reiterated claims that the EPA had not looked at all available the normal statistical vardsticks. "It's an example of adjusting science to fit policy," said Mr Thomas Borelli, director of scien-

While statisticians and lobbyists battle over the study's mer-its, a more basic question centres on the practical impact of the EPA's conclusions. Already, rising public awareness of the health risk attached to smoking has caused a steady decline in US cigarette sales. The annual fall in unit sales has been running at approxmiately 2-3 per cent, while the percentage of the adult population which smokes has declined from over 40 per cent in 1965, to

around 25 per cent. But US anti-smoking activists have not had everything their way. In the law courts, "smokers' suits" - attempting to place liability for lung cancer deaths among smokers at the cigarette companies' doors - have conspictail smoking in public areas and the workplace has been increas-ingly successful. Today, 46 states and the District of Columbia have laws restricting smoking in some public places. Since the late 1980s, a handful of municipalities have also passed ordinances requiring restaurants and/or workplaces to be 100 per cent smoke-free. In 1990, Congress banned smoking on domestic flights. In the same year, New York City outlawed cigarette vending machines, except in

But the key issue now is whether the Occupational Safety and Health Administration, part of the Labour Department and responsible for workplace safety and worker health, feels moved to act on the EPA conclusions. To date, apart from obvious guidelines on smoking where combustible materials are present, it has been silent on ETS.

In September 1991, however, the agency began its own exami-nation of air quality in the workplace, and a public comment period closed last year. The EPA conclusions, it says, will be stud-

### **Mediators press for** Milosevic to attend 'last chance' talks

By Frances Williams in Geneva

MR Cyrus Vance and Lord Owen have called for Serbian president Slobodan Milosevic to attend nia-Hercegovina, due to resume in Geneva on Sunday. The two international media-

tors wrote yesterday to Mr Dobrica Cosic, president of the rump Yugoslavia, suggesting that he "consider" including Mr Milosevic in his delegation to the talks, seen as a final chance to avoid international military

The Serbian president, a hardline nationalist, is widely blamed for helping to foment the civil war in Bosnia but has not so far had any formal role in the peace

The move follows Mr Milcsevic's apparently positive response in Belgrade on Wednes-day to proposals for a constitutional settlement for Bosnia based on a decentralised state with 10 autonomous provinces.

Mr Vance and Lord Owen, who co-chair the international conference on ex-Yugoslavia, are hop-Serbs to drop their demand for a "state-within-a-state", which they

The first session of negotiations bringing together for the first time the leaders of the three warring factions adjourned on Monday after the Bosnian Serb leader, Mr Radovan Karadzic, said he needed to consult with

The Moslem-led Bosnian government also refused to sign the three documents prepared by the mediators, mainly because it disputes some provincial bound-aries, but it is under intense international pressure to settle. The Bosnian Croats have already

In New York yesterday President Alija Izetbegovic of Bosnia-Hercegovina evoked memories of the appeasement of Hitler and compared himself to Czechoslovak president Eduard Benes, whose country was gobbled up by Nazi Germany.

"The atmosphere . . . existing now reminds me very much of the situation which existed on the eve of the second world war,"

Reuter adds from Sarajevo: Serb forces around Sarajevo said they came under heavy attack ing he can persuade the Bosnian overnight and early yesterday, the Serb Orthodox Christmas Day. But fighting died down now see as the main obstacle to a around midday after the fiercest



A US marine rests after he and colleagues seized gunmen and an

## increase in capacity. Either BA leaves

THE LEX COLUMN

## Winning at patience

It would have been too much to expect the Bundesbank to cut its official rates at yesterday's council meeting. Still its 15 basis point cut in the money market repurchase rate provides food for thought. Although the domestic economic background is one of unre-mitting gloom, the Bundesbank is not yet particularly alarmed. It would prefer to delay official rate cuts until money growth, the budget and wages are under better control. One must assume the main impulse for the move came from the foreign exchange market. If this is the case, perhaps the market should take it seriously.

The negative interpretation is that

this was the least the Bundesbank could do after France raised short-term money rates by a full 2 points earlier in the week. The Bund-esbank has tried similar tricks before only to disappoint later. It still has the awkward task of imposing monetary discipline at home while living up to its ERM responsibilities. Doubtless it would be less inclined to accommodate If D-Mark weakness against the dollar threatened more inflation.

Yet even the most hawkish Bundesbanker would have to admit that the economic situation is likely to require official rate cuts soon, probably indeed before the French elections in March. By paving the ground now, the central bank is not only indicating that the fate of the franc really does matter. It is building anticipation of more cuts to come. On both scores, the wisdom of speculating against the franc has become more questionable. There are hurdles to come. Ireland's position is looking increasingly difficult, and might leave the franc exposed. But assuming the Bundesbank follows through, the balance of probability has swung in favour of France holding its ERM parity intact.

To many it will be a shock that Burton can have got this far through the recession with 980-odd surplus staff at head office. But at least the management responsible for such excess has gone, and the new chief executive, Mr John Hoerner, has tack-led costs decisively. The head office cuts should flow through to profits directly, while the store changes will provide the flexibility to improve service and possibly sales.

Cutting costs is one thing, handling Burton's badly needed strategic change is another. Until recently group companies vied with each other



as much as their high street competitors, and the group has always been less than the sum of its parts. Mr Hoerner may be trying to change that, but Burton has 10 shop brands and thousands of disparate outlets. Fostering corporate co-operation from the high street through distribution to buying and suppliers is a complex task. Such a cultural revolution is hard enough in a simple business; at Burton the odds on success must be

long indeed. That may not stop the shares recovering further. With £1.7bn of sales and minimal profits, any economic growth and cost reductions will have a dramatic effect on earnings. At present the market wants to back that view. But fashion retailing means keeping up with rapidly changing trends, which costs money the company can ill-afford. Mr Hoerner may wish to capitalise on market enthusiasm, and buy the elbow room he needs, with a well-timed rights issue.

#### British Airways

There are so many cross-winds buf-feting British Airways at present that it is difficult to tell where the shares should head. BA's shares have dipped 7 per cent this week. Embarrassing as it is, though, the news about its dirty tricks campaign against Virgin is unlikely to make matters worse for its

More important are its poor passenger figures, especially since BAA, the airport operator, cast further doubt on the outlook yesterday. Unfortunately for BA, the continuing tightness in the market coincides with a significant

seats empty, or the airline chops prices to sell those seats. Both ways prices to seil those seats. Both ways profits suffer. Such pressures, combined with BA's hectic round of acquisitions and hefty aircraft replacement programme, must only increase the temptations for a cash call

edloyd e

temptations for a cash call.

BA's long-term attractions remain intact. The airline's rigorous cost-cutting campaign and high operational gearing make BA a classic recovery play. Sterling's devaluation will help this year as about 60 per cent of BA's revenues are earned in foreign currencies while the majority of costs are in cies while the majority of costs are in sterling. BA is also well-placed to benefit from the sporadic liberalisation of international routes. The short-term difficulties are daunting, though. It may be a while before the market peers through the ominous tidings.

#### UK life assurance

The latest round of bonus cuts on with-profits policies was overdue. Big annual bonuses paid out in the lean years – particularly 1990 – were always difficult to justify, Even allowing for healthy investment returns last year, many life company balance sheets were creaking under the strain. That was bad for new business. A free asset ratio in low single figures even if above the legal minimum - is hardly an encouragement to indepen-dent financial advisors to sell a company's products.

A weak balance sheet equally demands a more cautious investment strategy. That is bad for investment returns. At the time of its muchvaunted switch from equities to bonds in 1991, Norwich Union had a free asset ratio of 6 per cent. The company has since made a £100m profit on the trade. It might legitimately argue that the decision was prompted by virtue as well as necessity. But policyholders would surely prefer their investment managers to have a free hand.

Even so, anyone who bought a withprofits policy last year must find it galling to have their reversionary bonus cut to make up for past mistakes. There could be more bad news to come. Following the latest chop, a 10-year with-profits policy from Norwich Union is expected to yield around 13 per cent after tax. The company expects to earn little more than 12 per cent on investments over the same period - before both tax and expenses. Unless the industry is overcompensating for past optimism, one can only conclude bonuses are on a

### Virgin Atlantic libel victory expected

VIRGIN ATLANTIC, the independent British airline run by Mr Richard Branson, is expec-

begin on Monday but it is under-

The settlement is likely to be

a libel case in Britain, BA is also expected to apologise for any harm inflicted on the reputation of Virgin Atlantic and Mr Bran-

Virgin decided to start legal action last March against BA and Lord King, its chairman, after allegations that BA had run a commercially damaging cam-paign against it. It was alleged to involve the poaching of customers and unfounded rumours about the airline's financial heaith.

BA dismissed the allegations as totally without foundation and Lord King accused Mr Branson of seeking publicity for himself and his airline.

Both airlines yesterday refused to comment on the proceedings, beyond saying that they would be represented in court on

BA executives are believed to have negotiated a settlement to avoid a potentially long, expensive court case and to limit any damage to its reputation at a time when it is seeking to become a giobal airline. The airline is renewing negoti-

ations in an attempt to resurrect its plans to take a stake in USAir. the American carrier, which collapsed last month.

One BA executive yesterday emphasised that BA management had not been aware of any unacHe added: "We underestimated

Mr Branson

BA is not expected to make any statement on Monday beyond that read out in court but Mr Branson is planning to elaborate on details of alleged BA He may also seek assurances

from BA that similar action is not repeated and might consider pursuing fresh action against BA to compensate for any commercial damage arising from BA's alleged activities.

Virgin is also hoping the outcome will help in its negotiations to secure additional flights to and from Heathrow.

ted to emerge next week as the victor in its "dirty tricks" libel battle with British Airways. High Court action is due to

stood that, under the terms of an agreement between the two airlines, to be announced in court, BA will pay substantial damages and several million pounds in costs to Virgin Atlantic and Mr

among the highest yet agreed in

### Calls grow for probe into safety of tankers

Continued from Page 1

safety of navigation. Mr Chris Smith, Labour opposition environmental protection spokesman, described the inquiry which is to start immediately

as "totally inadequate." The Braer, which went aground at Garths Ness in Quendale Bay at the southern end of the main Shetland Islands on Tuesday, has not broken up. But bad weather - which is expected for at least two days - forced a sharp reduction in flights to spray chemical dispersants on the oil still leaking from the

Deep oil slicks run for about 5 to 6 miles both north and south from the tanker. The slicks are about 50 metres wide and are being pushed up against the shore by the strong westerly

A thin film of oil, described as rainbow sheen, runs for 14 miles on the west side of the island and reaches the entrance of Clift Sound and the south end ofBurra island, bringing it within a few miles of salmon farms, one of the sectors of the Shetland economy most threatened by the disaster Shetland Islands Council revealed that it had drawn up a contingency plan to evacuate res-

idents from the area close to the wreck if atmospheric pollution were to pose a threat to health, but it said that so far there was no danger to health. It refused to give details of the plan, which could involve moving several By mid afternoon some 235

dead birds had been found in the area of the disaster since it occured and 45 live birds had been rescued. Privately the emergency co-ordination team acknowledged that the pollution so far caused by the Braer could have been much worse. The slick is relatively

small, most of the oil is light and

30 per cent of it is thought to be evaporating. Westerly winds are pushing the oil against the coast. Mr George Sutherland, director of marine operations for Shetland Island Council, said: "If anything is good about this incident it is the wind direction." The wind has been in the west or south

west since the wreck. Lord Caithness, the shipping minister, who has been in Shetland since Wednesday, said he was worried that exaggerated reports about the disaster would damage the prospects of the Shetland salmon farming and fishing industries, even though they had not been affected.

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This announcement appears as a matter of record only



### United Biscuits (Holdings) plc

Acquisition of the snackfoods business of

### Coca-Cola Amatil Limited

With approximate value AUS\$430 million

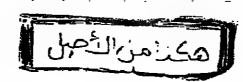
This transaction was initiated by Flemings. United Biscuits was advised by Robert Fleming in the UK and Jardine Fleming in Australia.

LONDON. PARIS. NEW YORK. HONG KONG. TOKYO. FRANKFURT SYDNEY.SAN FRANCISCO.BANGKOK.TAIPEI.MANILA.JAKARTA.SEOUL

25 Copthall Avenue, London, EC2R 7DR. Tel: 071-638 5858 Fax: 071-638 9110 Contact: Ian Ramsay

January, 1993

Robert Floring & Co. Lanued is a member of The London Stock Exchange and The Securities and Futures Authority Limited





#### **FINANCIAL TIMES**

## **COMPANIES & MARKETS**

Friday January 8 1993 **GTHE FINANCIAL TIMES LIMITED 1993** 



14 South Side, Clapham Common, London SW4 9BU Telephone: 071-498 0088

#### INSIDE

#### Resignation at Nedlioyd

Rediloyd, the Dutch transport group, said that Mr Torstein Hagen, the Norwegian Investor, has resigned his seat on the company's supervisory board and withdrawn his request for an extraordinary meeting to discuss radical changes to the way the board is elected. Mr Hagen angered his fellow boardmembers in December when he made a public call for the board to be elected by shareholders. Page 16

Squid bid



Argentina is to end five years of prosperity for the Falklands. In 1987 the islanders began raking in more than £20m (\$30.9m) a year by selfing licences to squid-fishing ships. During fishery talks with the UK in December, Argentina agreed to sell 45 licences this year to catch the illex squid, the most lucrative species in the South Atlantic, Argentina has already attracted most of the Falklands' best customers by offering cut-price ticences. Page 26

#### Quiot time in Jakarta

#### Indonesia

Jakimta Indiac 310 .... 200

deposit. Back Page

Jakarta Stock Exchange had no work to do over the Christmas period. The Jakarta market has been subdued in recent months. After rising 27 per cent in the first six months of 1992 to over 330.0 points, the composite index declined to end the year at 274.0, a 14 per cent gain but less than a Jakarta bank would pay for money on

Many brokers on the

#### Bumiputra bumps the trend

The Kuala Lumpur stock exchange has grown into the biggest in south east Asia by market capitalisation, thanks mainly to Malaysia's privatisation programme. But an exception to this privatisation success story is Bank Bumiputra, Malaysia's second biggest financial institution, with assets of M\$35bn (£8.8bn). Page 17

#### Balkan seeks western partner

Balkan, the Bulgarian airline, this week added nist-run carriers of eastern Europe that are queuing to find western partners. Linking with a western partner provides not just cash for the airline itself or the government, but technical and commercial know-how too. Page 16

#### **Market Statistics**

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#### Companies in this issue

18 IEM 16 IRI 19 Illingworth Morris Abbey Ahold 18 Independent ins 17 J C Penney Akzo Allied-Signal Balkan Bank Bumipulm May Dept Stores Menvier-Swain Niro Philip Morris Raiston inv Trust Citic Pacific Renault Savills Druck Holdings Shoprite St Andrew Trust TSB Evode Fed Dept Stores Ford Friemann & Wolf TI Group Time Warner

### Chief price changes yesterday

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### Citic unveils HK\$10bn asset reshuffle

By Simon Holberton

THE Chinese government's main domestic and international investment agency last night unveiled a HK\$10bn (US\$1.29bn) asset reshuffle which will see its listed Hong Kong entity take a 12 per cent interest in Hongkong Telecom and controlling stakes in power stations on the Chinese

Citic Pacific, the Hong Kong quoted subsidiary of China Inter-national Trust and Investment Corporation of Beijing, will make HK\$7.17bn placement and borrow HK\$3.3bn to finance the deals, which include buying a chemical waste management business in Hong Kong.

The timing of Citic's asset sales

was the subject of much speculation in Hong Kong. Some analysts saw it as a vote of confi-dence by China in the colony's economy. Others interpreted it as preparation by Citic for stock market volatility relating to governor Mr Chris Patten's plans for

greater democracy in Hong Kong. Citic Pacific, which a year ago acquired Hang Chong, a trading company, has been keen to throw off its image as an investment company and present itself as a manager of businesses. Analysts said last night's transactions would reinforce the company's

old image. Its share of Hongkong Telecom's dividends was esti-mated by Smith New Court to account for 35 per cent of its

earnings. The assets which Citic Beijing is selling to Citic Pacific are held by its wholly-owned Hong Kong subsidiary, Citic (HK). The latter company acquired a 20 per cent interest in Hongkong Telecom in April 1990 from Cable and Wire-

Last night's statement said that Citic (HK) will sell 12 per cent of Hongkong Telecom to Citic Pacific at HK\$7.8 a share representing a 19.6 per cent discount to Hongkong Telecom's current share price. At that price (itic (HK) stands to make a profit of HK\$4.2hn

Citic (HK) will also sell control of two power stations and an interest in a chemical waste treatment company.

Before the transaction Citic

(HK) owned 43 per cent of Citic Pacific. It will subscribe to 420.4m new shares at HK\$13 each in Citic Pacific (of a total of 551.8m to be issued) which will leave it owning 45.9 per cent of the com-pany. It will also make the HK\$3bn loan to Citic Pacific.

Mr Robert Knok, the Malaysian tycoon, will subscribe to 53.8m shares, effectively reducing his Kerry Trading's interest to 13.5 per cent from 15.1 per cent.

### Renault and Volvo seek deeper alliance

By William Dawkins in Paris and Christopher Brown-Humes in Stockholm

RENAULT, the French state-owned carmaker and Volvo, its Swedish partner, yesterday confirmed they were seeking to deepen their alliance of nearly The companies refused to com-

ment on reports that the French government was considering ans for Renault to take majority control of Volvo Car. However, officials at Renault and the French industry ministry said they were looking at ways in which Renault and Volvo might move closer within the French carmaker's existing statutes, although no immediate steps were planned.

Volvo owns 20 per cent of Ren-ault and has the right to build up to 25 per cent. Nothing in Ren-

ault's statutes stops it from taking majority control of Volvo's car division, said an official However, such a move could raise political problems in Sweden, unless Volvo received sub-

stantial compensation.
"It is no secret that Renault and Volvo are seeking a deeper and stronger alliance than today," said Volvo. Speculation that Renault and

Volvo might merge or exchange their car and truck businesses has been rife ever since the pair swapped minority share stakes in 1990 to help each other face growing competition.

To date, the partners have pooled much of their component purchasing activities in both trucks and cars, agreed to exchange car engines and are planning a range of luxury cars based on a common platform for

### AT&T in Canadian deal with Unitel

By Bernard Simon in Toronto

AMERICAN Telephone & Telegraph, angered by an alli-ance between rival MCI Communications and Canada's dominant telephone consortium, has forged an alliance of its own with the newest company in the Canadian

AT&T said the deal will allow it to offer seamless cross-border services to US subsidiaries in Canada, which accounts for about 15 per cent of its interna-tional telephone calls.

The US group said yesterday it was acquiring a 20 per cent stake in Unitel Communications of Toronto, in exchange for access to AT&T's intelligent network software and its marketing, operations and research expertise. The deal is valued at about C\$150m (US\$117m).

AT&T and Unitel's existing shareholders, Canadian Pacific and Rogers Communications, also plan to inject C\$200m of new equity into Unitel. Canadian Pacific will end up with 48 per cent of Unitel and Rogers 32 per

Final terms have yet to be negotiated and approved by the boards of the participants. Unitel gained regulatory clearance last year to set up a long-distance telephone network in competition with the long-standing monopoly held by Stentor, a consortium compris-ing Bell Canada, the country's biggest telephone operator, and various provincial telephone

Ms Bette Ann Massick, analysi at SG Warburg in New York, said AT&T's move was largely a response to the exclusive crossborder marketing and technology agreement forged last year between MCI and Stentor.

AT&T has launched legal pro-ceedings against MCI, alleging that technology which MCI is providing to Sentor infringes ATAT's patents, MCI has applied to have the patents pullified.

Ms Massick said that by teaming up with Unitel, AT&T has served notice that it planned to nee its marketing and financial clout to attack the MCI/Stentor

The forays by AT&T and MCI into Canada are likely to lead to a further integration of services across the world's busiest international telephone network. Mr George Harvey, Unitel pres-

ident, said the alliance with the powerful US company "will accelerate Unitel's aggressive Nordic nations rebuild reserves after currency unrest

### Norway begins \$6bn borrowing programme

NORWAY turned to the international financial markets yesterday to help rebuild its foreign currency reserves after last year's foreign exchange unrest, making it the third Scandinavian country to do so this week.

Sweden and Finland, whose reserves had been harder hit by the currency crisis than Nor-way's, both raised money through the international bond market earlier in the week.

Norway's move yesterday to borrow C\$750m is the first part of a borrowing programme that could see it raising up to \$6bn this year, according to Mr Sigurd Klakeg, deputy director-general of ministry of finance.

"We felt that the cost of funds was such that this was an oppor tunity we could not miss," he said of yesterday's issue.

Norway's foreign currency reserves stand at around \$10bn equivalent, compared with \$12bn to \$13bn a year ago, said Mr Klakeg. The reserves of Sweden and Finland were more seriously depleted than Norway's.

Earlier this week, Finland raised DM3bn over seven years and Sweden added an extra £200m portion to an existing 2600m five-year bond arranged in November, which was already the biggest sterling eurobond seen to date. Finland and Sweden both bor-

rowed heavily towards the end of 1992 and this is expected to continue this year. Finland will be looking to borrow \$7bn to \$8bn externally, as government borrowing rises to around 40 of gross



Selling short: Treasuries have started to rebuild the damage

domestic product, from 20 per cent a year ago. In spite of the level of borrowing, Mr Veikko Kantola, Fin-

land's director of finance, says the country is benefiting from an improved perception of its creditworthiness as economic news becomes more positive and it prepares for negotiations on its application to join the EC. This was borne out by the success of Finland's D-Mark issue this

Sweden still has substantial sums to borrow to complete the emergency borrowing programme drawn up to raise a total of Ecu31bn.

Its visits to the international bond markets late last year included a \$20m issue. It also has a \$50m shelf registration in place to allow it to borrow in the US domestic bond market. It plans to tap the domestic

market to meet its other needs. Capital markets, Page 18

### IRI details break-up of SME

IRI, the Italian state holding company, yesterday formally approved the break-up and par-tial disposal of its SME foods, catering and retailing subsidiary in what could be one of the country's biggest sales this year.

SME, which made net profits of L125.6bn (\$91m) on turnover of L5,814bn in 1991, will be broken into at least three and possibly four operations, most of which will be sold. Shares in SME, which have risen sharply on pri-vatisation hopes, climbed L95 to L5.845 in Milan yesterday.

IRI has appointed Wasserstein Perella, the US investment bank, to prepare the break-up plan. Once the reorganisation is complete, private investors in SME, which is almost 65 per cent

shares in the new divisions, which will be quoted. Once IRI has picked buyers via competitive auctions, the successful hidders are expected to launch public tender offers for the remaining shares floating.

Only SME's GS supermarket chain and Autogrill catering division will be retained, at least in the short term. SMR's other activities, concentrated in food production, will be split into two, or possibly three units. One will comprise frozen foods and sweets, the other vegetable oils, canned vegetables and fresh milk. Milk may be split off separately.

Investors will also be invited into the retailing and catering business, although IRI has said it would expect to retain a significant stake. Public-sector control could be guaranteed through the arrival of other state or municipal shareholders.

Retailing and catering accounted for L3,525bn of SME's sales in 1991. Food sales reached L2,323bn. Cirio and linked companies have almost 28 per cent of the L1,100bn domestic tinned tomato market, while SME in the L1,300bn olive oil sector.

The foods business is likely to appeal to a number of Italian and multinational concerns. The frozen foods side, concentrated in the Italgel division, could interest multinationals like Nestlé or Unilever. The Italian Ferruzzi agroindustrial group has expressed interest in the food production business, though its ambitions could be clipped by high debts.

### UK life insurers disappoint holders of their policies

John Authers explains why the industry's key product - the with-profit endowment policy - is paying less

The UK's life insurance industry is running into problems with its most important product line.
For years, millions of UK savers have bought "with-profits

endowments" - policies issued by mutally-owned insurance comby mutally-owned insurance com-panies that give purchasers a share of the group's investment earnings. These are very widely used, typically to repay the capi-tal on home mortgages.

This week, several leading companies have had to announce bad news in their policyholders:

bad news to their policyholders: instead of going up in line with the stock market, payouts from the policies are going down. Optimistic assumptions about future investment returns, and a

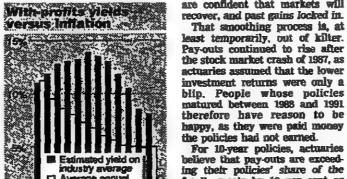
weakening of the UK life indus-

try's financial strength, are at

the heart of the problem. Actuaries determine the payouts policyholders receive by adding a complex series of bonuses on to a basic sum assured. Bonuses are reviewed early each year, and payouts announced so far have revealed a sharp downward trend.

Policies taken out 25 years ago - the most common timespan for a mortgage endowment - are paying out slightly less than similar policies last year, but returns on shorter-term policies have come down heavily. For a 10-year policy, Sun Alliance, the composite insurer, is paying out almost 15 per cent less than it would have done in January last year. A few months ago, before the markets' post-devaluation rally,

nal bonus can also be added. this might not have seemed embarrassing. But the rise in is that the peaks and troughs of equity and bond markets by the the market can be "smoothed". A end of 1992 should have been bad year need not be reflected in market went that year's pay-out, if actuaries Lex, page 14 enough to deliver an 18 per cent return for the average life fund.



Set in this context, cuts in payout are difficult for the life com-

panies' marketeers to justify.

The root of the problem lies in the arcane with-profits bonus system. Endowments started as pure life assurance policies. which promised to pay out a fixed sum assured at the end of a certain fixed term if the policyholder survived. But over time the policies became increasingly a pure investment vehicle.

Two forms of bonus are added to the sum assured, at the actuary's discretion, to deliver a final maturity value. Annual or rever-sionary bonnses are added each year, and once declared cannot be taken away from the value of the policy. On maturity, a termi-

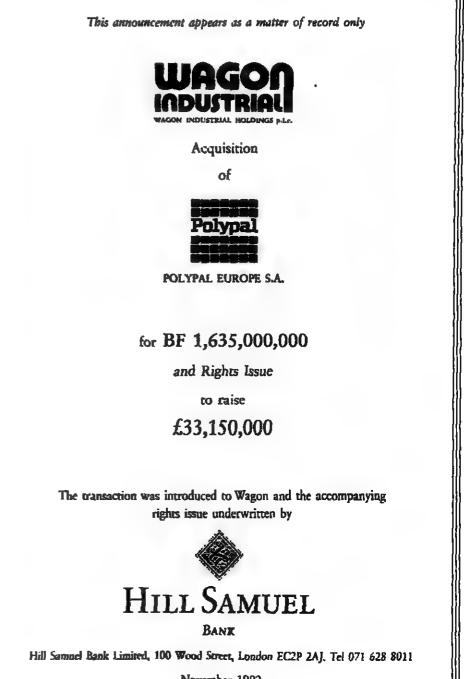
This terminal bonus now typically makes up as much as 60 per cent of pay-outs for 25-year policles. The attraction for investors are confident that markets will least temporarily, out of kilter. Pay-outs continued to rise after the stock market crash of 1987, as investment returns were only a blip. People whose policies matured between 1988 and 1991 therefore have reason to be

For 10-year policies, actuaries believe that pay-outs are exceed-ing their policies' share of the fund's assets by 10 per cent or more. This cannot continue indef-initely, so pay-outs must con-tinue to fall, barring substantially improved investment

Life offices also have to contend with the weakening of their financial position following the heavy distribution costs most of them incurred acquiring tied agents and direct sales forces in the wake of the Financial Ser-vices Act of 1986. These costs came out of reserves, and free asset ratios, measuring the per-centage excess of assets over liabilities, tumbled, further limiting their room for manoeuvre.

Does this mean the end for the with-profits policy? Certainly, the reassuring belief that the policies would increase in value indefinitely has taken a knock. Even so, annualised yields are well above inflation.

But bonus announcements have revealed some weaknesses. The traditionally discreet UK life industry may need to be more informative to investors. Few are likely to understand why payouts have gone down after the market went up.



November 1992

### INTERNATIONAL COMPANIES AND FINANCE

### Hagen leaves Nedlloyd board and cuts stake

By Ronald van de Krol in Amsterdam and Karen Fossil
in Osio

NEDLLOYD, the Dutch transport group, said yesterday that Mr Torstein Hagen, the Norwegian investor, had resigned his seat on the company's supervi-sory board and withdrawn his request for an extraordinary shareholders' meeting to discuss radical changes to the way the board is elected.

Mr Hagen, who was admitted to the board in October after a long battle, also announced that he had sold a 5 per cent stake in Nedlloyd, reducing his holding to less than 10 per cent. He had promised that he would resign his seat as soon as the shareholding fell below 15 per cent, he said.

Mr Hagen angered his fellow board members in December when he called for the board to be elected by shareholders. Supervisory boards in the Netherlands are self-perpetuating and nominate their own members, providing an in-built

form of protection from However, in a partial recognition of Mr Hagen's self-styled crusade for shareholder rights, Nedlloyd said that "when filling the vacancy that has arisen, special attention will be paid to candidates brought forward by shareholders." It added that "both parties have expressed the wish for a posttive relationship". Mr Hagen is facing more dif-

ficult financial conditions. This was underscored yesterday by a statement from Oslobanken a small Osio-based bank, that DNO, a company controlled by Mr Hagen, had piedged 53.8 per cent of its shares as security for a loan which the bank provided for Marine Investment, one of his main investment

Last month, Mr Hagen was forced to dispose of his DNO subsidiary, DNO Olje, for NKr235m (\$33.7m), far below his original asking price. The assets were acquired by Saga

#### Akzo, Allied-Signal in European carpet venture

By Ronald van de Kroi

AKZO, the Dutch chemicals group, is to transfer a majority stake in its lossmaking nylon carpet fibre business to a joint venture which it will form with Allied-Signal of the US. This will give the US company its first production facility in

The companies gave no financial details but said the Joint venture would make investments to modernise Akzo's carpet fibre factory in the Dutch town of Emmen, which will form the heart of the venture. The two partners signed a letter of intent on the deal yesterday and expect to complete it by mid-1993.

Allied-Signal, which is building a polyester carpet fibre factory in northern France, exports \$25m in carpet fibres

ner year to Europe. Akzo's carpet fibre business, which now employs 350 after a bout of jobcutting, is estimated to have

annual sales of \$75m. The focus of Akzo's carpet fibre business is commercial applications in carpets for hospitals, airports and office buildings. Allied-Signal's strength is the residential market. Allied-Signal said because of

overcapacity in nylon carpets. it made sense for it to invest in existing capacity rather than adding new capacity.
Separately, Mr Aarnout Lou-

don. Akzo's chairman, said in a new year address to staff that Akzo had met its forecast that 1992 net profit before extraordinary items would show a rise over 1991. But in the first six months of 1993, it would "be difficult to hold earnings at the

### engineering unit for DKr950m

By Kilary Barnes

DANISCO, the big distilling, sugar and food processing group, has sold Niro, an engi-neering subsidiary, to Germany's GEA for DKr950m (\$150.5m) cash

Niro is a leading company in the manufacture of spraydrying equipment for the food and other industries. It has a workforce of about

,200 worldwide. Turnover last year was DKr2.35hn, and pre-tax earnings were DKr141m. The sale of Niro to a German

ompany means that both Denmark's spray-drying manufac-turers will be under foreign control. The other, Anhydro, is subsidiary of the UK-based Danisco said it was selling

Niro, which it has controlled since 1976, because the engineering company did not fit the group's focus on food-

GEA is an engineering group with turnover of about DKr8bn and 10,000 employees. One of its business areas is food and process engineering, but not related to Niro's area, sald Danisco.

Danisco also announced vesterday a strategic alliance between its seeds business, Maribo Seeds, and Switzerland's Sandoz Seeds for research and development on

#### DSM warns of further job cuts

DSM, the Dutch chemicals group, is to seek an additional 800 to 1,000 job cuts in 1993 as part of its continuing costcutting and reorganisation drive, writes Ronald van de

The company, which has reduced its workforce by nearly 2,000 to around 23,000 in recent months, said that some of the fresh job losses might involve compulsory redundancies unless the unions agreed to proposals on early retirement and outplacement schemes.

## Danisco sells | Eastern fledglings seek western partners

BALKAN, the Bulgarian airline, this week added its name to the growing list of eastern European carriers that are queueing to find western partners. The country's privatisa-tion agency said that S.G. Warburg, the UK merchant bank, had been appointed to help find one or more "strategic part-ners" as part of a privatisation plan.

The Bulgarian move follows similar deals elsewhere in eastern Europe. Last month. Maley, the Hungarian flag carrier, made \$77m by selling 35 per cent of its shares to Italian investors led by Alitalia, the state airline. Earlier in 1992, an Air France-led consortium neid 60m for 40 per cent of CSA, the airline of the Czech and Slovak republics.

Airlines such as Maley, CSA and LOT

of Poland need to modernise fast. Noise restrictions at many western airports are limiting opportunities for fleets still dominated by ageing Soviet-built jets. Compared with their latest-generation western rivals, the ageing aircraft also guzzle prodigious amounts of fuel.

East European carriers lack the resources to replace their fleets overnight. Some have acquired, on lease, a handful of new aircraft for their most important European or intercontinental routes. But so far, such aircraft form only a fraction of their fleets.

'As far as western European traffic is concerned, we have to modernise and buy western aircraft," says Mr Andras Pakay, Malev's chief executive. "The market demands that."

Linking with a western partner provides not just cash for the airline - as in the Malev deal - or the government, but technical and commercial know-how too. A year after its deal with Air France, CSA's advertising has smartened up noticeably. The airline's com-mercial edge will be "even sharper this year", says one hanker closely involved in the deal. CSA's catering building has been upgraded, and the arrival of two French chefs "didn't do any harm". Above all, the company's commercial

ing the transaction, he believes. Most east European airlines fear their domestic markets are too small to support the kind of growth they envisage. And with the airline business gradually moving towards bigger, "global" carriers, many east European executives fear their companies will be sidelined. Selling a stake to a western partner can provide cash and expertise without sacrificing independence, but so far, only Maley and CSA have succeeded.

Balkan hopes to sell up to 49 per cent of its stock to foreigners, while letting employees take up to 20 per cent at discounted prices. The government would keep at least 40 per cent in order

hansa. Although the latter seemed the obvious choice, given the strong commercial and cultural links between Bonn and Budapest, Alitalia's cash offer easily beat the \$59m put forward by the Germans, of which just \$10m was in cash and the remainder in know-how

and equipment The terms from Lufthansa, which faces an estimated DM600m (\$377.3m) loss for 1992, and the other airlines decisions to pull out shows how the recession has complicated matters for the east Europeans. Alitalia's managing director, Mr Giovanni Bisignani, says any airline carrying less than 25m pas-sengers a year – what he calls the "critical mass" – will have to look for

The former Communist-run airlines of eastern Europe need to modernise their ageing fleets fast, but most of them lack resources, write Christopher Bobinski, Nicholas Denton and Haig Simonian

to guarantee the company's indepen-dence. "A key element of our strategy is to enter a strategic alliance with an airline partner," says Mr Kostadin Botev, Balkan's managing director. "We believe potential partners will be attracted by our route network and low

lahour cost base." But making a match is not easy, even for an airline like Malev with a relatively good reputation and consistent profits over the past four years. Malev's productivity, at \$66,000 operating reveque per employee, is 50 per cent above the average for eastern Europe's five flag-carriers: net earnings last year

amounted to \$28m on sales of \$315m. Credit Suisse First Boston, the adviser to the Hungarian government, had to tout Maley widely before securing a partner. Alitalia, Lufthansa of Germany, KLM Royal Dutch Airlines and British Airways all showed interest, although BA and KLM quickly dropped out. That left Alitalia and Luft-

allies. But with growing financial difficulties, even western Europe's smaller carriers are not rushing to buy market share in the east through alliances.

n the circumstances, some east European companies may prefer to go it alone: hence the confusion over plans by LOT. Some bankers say LOT has already hired and fired at least one set of advisers.

However, LOT executives claim it is in a relatively strong position, in spite of Poland's economic difficulties. Their confidence is based on its large home market: Poland's population is around 40m and it lies on the major east-west air corridor. "We haven't received any special offers and we're not looking too hard at the moment," says Mr Zbigniew Kiszczak, LOT's deputy chairman.

LOT wants a "strategic alliance" with a European or US airline, while retaining its independence. The Poles are seeking mutual access to booking ment on routes and servicing, but are not rushing to sell equity, in spite of the burden of 600bn zloty (\$38.1m) in

- TE

unpaid taxes and a 240bn zloty debt to Warsaw's Okecie airport. "LOT is the most attractive of the remaining east European airlines without partners," says one banker. With Lufthansa probably ruled out on political and historical grounds, and British Airways already committed to ventures in Moscow and Berlin, partnership with the Poles could appeal to a regional carrier such as Scandinavia's SAS,

which has so far been disappointed in its plans to build alliances, he reckons. Confidence among some east European carriers has been boosted by the arrival of new western aircraft, which have helped to redress some of the competitive balance with west European rivals and let them into profitable expatriate markets. LOT, which has used its Boeing 767s to develop US and Canadian routes, would like to establish regular flights to Australia to tap the ethnic Polish market there. Maley has similar ambitions for its two new Boeing 767s. Balkan, which has substantial business taking tourists to Black Sea resorts, already operates some 737s, 767s and Airbus A320s.

Both Maley and LOT — which moved

into profit in July and is managing to cover its operating costs as well as interest charges on the \$200m borrowed to acquire the 767s - have also been bolstered by more commercially-minded and realistic managements. Maley's Mr Pakay, for example, has dropped his predecessor's high ambitions to develop the company into the centrepiece of a three-way global alliance with big US and far eastern carriers. Likewise, LOT's improvement has been aided by more down-to-earth aims. Ambitions to create a wider international network have been scaled down in favour of closer regional links with former Soviet states such as Belarus or Ukraine.

## US up 12.9% to \$6.3bn

By Ronald van de Krol

AHOLD, the Dutch-based supermarket group which owns four big US grocery store chains, said 1992 turnover rose by 7.3 per cent to Fl 22.3bn (\$12.3bn), with US turnover growth outstripping the gain posted in the Netherlands.

The US, which generally accounts for roughly half of group sales, saw a 12.9 per cent turnover rise to \$6.3bn. Of this increase, 7.2 per cent was due to the fact that New York-

based Tops Markets had been consolidated for only 39 weeks in 1991 compared with a full 53

Dutch turnover was up 9.1 per cent at Fl 11.2bn. Ahold, which is due to publish 1992 profits on March 18. said overall turnover would have been 3.7 percentage points higher if it had not been for the dollar's decline. Partly compensating for this was the 53-week financial year, which flattered sales figures by around 2 percentage points.

#### Ahold reports turnover in | SKr10bn state guarantees for Gota for the whole of 1992 would tional capital adequacy

in Stockholm

THE SWEDISH government yesterday said it would provide SKr10bn (\$1.37bn) in guarantees to the troubled Gota Bank to cover part of the bank's anticipated credit losses in 1992 and 1983.

It said it was making the move because Gota, Sweden's fourth-largest bank, needed new support immediately to continue operating.
The bank would otherwise

have fallen well below the 8 per cent minimum interna-

requirement. The guarantee is a temporary measure until the state

has been able to complete an orderly reconstruction of the bank. This reconstruction has been facilitated following the state's acquisition of Gota Bank's shares last month after Skandinaviska Enskilda Banken, which acquired them as collateral against a loan to the bank's collapsed holding group Gota AB, decided they

Gota Bank estimated last September that credit losses

amount to some SKr8bn, although it is believed there has been a further deterioration in its position since. One estimate suggests the bank's total 1992 credit losses may amount to SKr10bn-SKr12bn. As a result of the guarantee,

Gota Bank's capital adequacy ratio amounts to some 8 per Last month the state was

compelled to provide further support for Nordbanken as part of its continuing efforts to prop up Sweden's ailing finan-

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January, 1993



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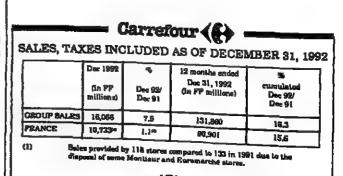
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#### INTERNATIONAL COMPANY NEWS

# US retailers post Strong advance Str

By Nikki Tait in New York

MOST leading US retailers sounded a cheery note yesterday as they reported the best Christmas period sales for several years. Improvements were particularly noticeable among leading department stores, and many said results had come in above their expectations.

Federated Department Stores, which takes in chains such as Bloomingdale's, Abraham & Straus and The Bon Marche, reported a same-store sales increase of about 10 per cent in December, "December sales were the strongest we've seen in several years," noted Mr Allen Questrom, chairman. He added the company was encouraged about 1993 although it expected some cooling-off in levels of consumer activity in the first quarter.

J.C. Penney, based in Texas, saw a 9.1 per cent advance in same-store sales, with strong gains in the women's, men's, children's and home merchandise divisions.

At May Department Stores, December same-store sales were up by 8.4 per cent, and at Dayton Hudson 9.5 per cent. Many analysts had forecast

same-store sales improvements for the department store sector of 4 per cent to 7 per cent.

In the discount sector, Wal-Mart, the nation's top-selling store chain, saw a 27 per cent rise in total sales during December, to \$5.86bn, and an increase from comparable stores of 10 per cent. This means the group's like for like sales in the first II months of the financial year were run-

ning at 11 per cent. K mart, Wal-Mart's rival in the discount sector, saw smaller 2.5 per cent gain in like-for-like general merchandise sales, and a 22 per cent improvement from its speciality chains. It predicted record after-tax profits for 1992 exceeding the \$859m seen in 1991 - but said earnings per share would probably be static

at around \$2.02 Woolworth fared poorly, posting only a 1 per cent improvement in domestic same-store sales in December.

Sears, Roebuck - whose retail operations have been the focus of much shareholder disquiet - ended 1992 in muchimproved form, posting an 8.2 per cent advance in same store sales for the month.

### Philip Morris expects 20% gain for 1992

PRILIP Morris, the US tobacco and food company, yesterday told analysts that it expected to report a 20 per cent increase in earnings per share for 1992, when its unveils year-end

Mr Hans Storr, the chief financial officer, said the earnings figure would stand at about \$5.45 a share. He added that recent retail sales trends for Marlboro had been encouraging, and noted the recent narrowing of price differences between discount and premium

When Philip Morris reported third-quarter figures, it dis-

.000 II.

RESS DOWN

closed the domestic cigarette shipments had fallen slightly in the three-month period, and predicted a larger dip in the final quarter.

This reinforced worries on Wall Street that the growing discount cigarette sector was proving a threat to premium brands, which include Morris's profitable Mariboro.

This week's furore over a report from the US Environmental Protection Agency on the dangers of passive smoking, has hit Philip Morris shares, but yesterday's profit forecast seemed to reassure the stock market. The tobacco company's stock added \$1% to \$73%, in early trading.

### Warner issues \$1bn debenture

By Alan Friedman in New York

TIME WARNER, the leading US media and entertainment company, yesterday launched a \$1bn debenture offer designed to reduce the burden of the group's outstanding \$6.5bn of preferred stock.

The \$1bn offer is part of Time Warner's effort to work through its heavy debt load, a result of the company's formation following the merger agreement in 1989 between Time and Warner,

The company, which last year made strides toward rescheduling its bank debt. recently indicated it may sell up to \$3bn of assets over the next two or three years as part of the move to strengthen its

Net proceeds of the deben ture issue, which mature in 2013 and carry a coupon of 9.125 per cent, would be used to repurchase or redeem preferred stock.

The preferred stock, which in 1991 cost Time Warner \$579m in dividend payments, was issued as a result of the merger agreement between Time and Warner. The dividends have plunged Time Warner into a bottom-line loss in spite of strong operating earnings from its music, film, publishing and cable televi-

in the first nine months of 1992 it made \$926m of operating income, but its debt servicing reduced net profits to just \$18m and its loss after pay-ment dividends on preferred stock was \$449m.

The offer, schoduled to close on January 19, is being underwritten by Merrill Lynch, BT Securities Corporation and JP Morgan Securities.

Correction Peter Chernin

Mr Peter Chernin moved from Fox Entertainment to replace Mr Joe Roth as head of the 20th Century Fox. He did not leave the Fox group, as stated in later editions of the FT on

### Another trial for Bank Bumiputra Ford drives Kieran Cooke on the Malaysian bank's attempts to still old ghosts

R Mahathir Mohamad. The BMF/Carrian affair

Malaysia's prime minister, has corned many plaudits for his government's privatisation programme. Lumbering state behemoths.

like the telecommunications and electricity utilities, have been transformed into efficient, market-orientated enterprises, and the Kuala Lumpur stock exchange has grown into the biggest in south-east Asia by market capitalisation.

But an exception to this privatisation success story is Bank Bumiputra, Malaysia's second-biggest financial institution, with assets of M\$35hn (US\$14bn). One of the country's largest state enterprises, it is also one of the most troubled.

The bank recently announced a 73 per cent fall in net profits to M\$22.7m for the year to March 31 1992. Twice in the past 10 years the state has had to rescue it. Although Bank Bumiputra insists its finances are sound, another government bail-out has not been ruled out.

A new management team has been appointed, while talk two years ago of a listing has been quietly forgotten.

The recent appearance in a Hong Kong court of a rather frail, tired-looking 61-year-old man has re-focused attention on the bank's affairs.

Mr Lorrain Osman, a Malaysian citizen and former chair-man of Bumiputra Malaysia Finance (BMF), a subsidiary of Bank Bumiputra, is facing 39 fraud and corruption charges relating to US\$200m in loans made by BMF to the Hong Kong-based Carrian Group in the 1970s and early 1980s.

shook the financial fabric of Hong Kong and ranks as Malaysia's biggest banking disas-ter. Bank Bumiputra continues to be haunted by the events of 10 years ago.

The Osman trial, when it finally occurs, will be watched with interest in Malaysia. He was arrested in London in 1985 but extradited to Hong Kong only late last year. He has insisted he was the victim of a cover-up at the highest levels of the Malaysian government. Opposition politicians in

Malaysia say Bank Bumiputra now owned by the Ministry of Finance, is still used as a cash cow by leading government figures, particularly those associated with Dr Mahathir's United Malays National Organisation (Umno), the dominant political Bumiputra, a Malay word

meaning "son of the soil", refers to the country's majority Malay population. Wary of the economic power of the country's minority Chinese commu-nity, the Malay-dominated gov-ernment set up Bank Bumiputra in 1965 "to remedy the lack of capital among the Bumiputras ... to encourage them to undertake new enterprises to accelerate development and increase the wealth of the country".

The main question in the BMF/Carrian affair is how a bank set up to aid the Malay community came to lend so much, so fast, to Hong Kong-based Chinese speculators. Carrian Holdings, a previ-

ously unknown group, shot to prominence with a series of



Lorrain Osman: Extradited on frand charges to Hong Kong

ing a Hong Kong property boom of the early 1980s. Mr George Tan, Carrian's enigmatic chairman, seemed to have money to burn.

BMF was one of Carrian's main backers. When the Hong Kong property bubble burst in 1982, Carrian could not pay debts of more than US\$1bn. Many banks were burned. So were thousands of investors. In 1983. Mr Tan was arrested on corruption charges.

n 1985, a Malaysian govern-ment report said BMF exec-utives had entered into an intricate series of deals with

The report hinted high-level Malaysian official backing for some of the loans to Carrian. Warnings by the Malaysian central bank about BMF's lending policies were apparently ignored. "There might not have been Carrian without Bumiputra Malaysia

Finance," said the report. At least one murder has been linked to the affair. In 1983, an auditor sent from Kuala Lumpur to investigate BMF was found strangled in Hong Kong. The next year, a lawyer who had dealt with various Carrian companies was found in a Hong Kong swimming pool with a concrete manhole cover tied round his neck.

When Carrian collapsed. BMF had accumulated loan losses of M\$2.25bn. These losses were passed on to Bank Bumiputra. In 1984, Petronas, the Malaysian state oil company, was pressured into rescuing the bank by taking a 90 per cent stake for M\$2.5bn. In 1989, Petronas had to make another M\$952m cash injection after loan losses on the Malaysian property market.

In early 1991, Petronas sold Bank Bumiputra to the Finance Ministry for an undisclosed sum. Bankers in Malaysia, including some who had worked with Bank Bumiputra, say it continues to be dogged by a number of shaky loans, some made many years ago.

Bankers also feel that a fresh start cannot be made until the events of 10 years ago are explained. Bank Bumiputra still faces a court case in the US in which it accused of conspiring to defraud Carrian creditors and minority share-

holders - a charge it denies, In this case Mr Osman, who at one stage served as an economic adviser to the Malaysian prime minister, should supply some answers to the tangled affairs of Bank Bumiputre and soark some interesting politi-

#### top spot By Martin Dickson in New York and Kevin Done in Detroit FORD Motor claimed a

Honda out

of US

symbolic victory over Japan when its Taurus mid-sized car narrowly beat the Honda Accord to be the top-selling car in the US in 1992. The Accord has held the number one position Since 1989.

spot will be taken as a further sign of the renewed competitiveness of the US motor industry against Japanese rivals, which was indicated yesterday by 1992 sales figures for the US vehicle industry as a whole. Japanese manufacturers saw

Ford's recapture of the top

their share of the US car market dip to 30 per cent, from 31 per cent, the first reversal in several years. Ford's car market share rose to 21.6 per cent from 19.9 per

cent but ailing General Motors dipped to 34.5 per cent from 35.4 per cent and Chrysler was lower at 8.3 per cent, compared with 8.5 per cent.

In the combined car and light truck market, the Japanese share dipped to 24 per cent from 26 per cent due to some strong US products and tariff burriers.

The Ford Taurus, relaunched in the autumn of 1991 sold 409,751 units, up from 299,700. while the Honda Accord dipped to 393,477 from 399,297.

However, Ford's victory was only achieved by offering big discounts and cheap lease finance to customers. The drive began in August and reached a peak last month as the company scrambled to close the gap with Honda, offering even more lavish incentives, including rebetes to dealers willing to put additional Tauruses into their demonstration fleets.

Honda replied with cheap financial packages of its own.
Ford was helped by its far greater number of dealer outlets across the US ~ some 4.300 to Honda's 1.000 - and while Honda's sales go mainly to retail customers, a large proportion of Tauruses go to fleet buyers, such as rental compa-

A shining

example

### IBM sees record sales of PS/1

By Louise Kehou n San Francisco

INTERNATIONAL Business Machines, which is expected to report the largest corporate losses in history for 1992, sounded a happier note at the consumer electronics show in Las Vegas yesterday. It revealed it had attained record sales of its PS/1 consumer per-

"We have just completed our best quarter ever, selling more

than six times the number of PS/1s than we did in the fourth quarter of 1991," said Mr Jim Keenan, director of consumer brands and retail channels, at IBM Personal Computer, the new business unit.

Mr Jack Kuehler, IBM president, demonstrated prototype products and services that apply computer power to consumer entertailment.

In a joint venture with IBM has developed a digital video and audio delivery system for record stores. The system provides consumers with a virtually unlimited selection of music and video titles which can be electronically downloaded to the store where a compact disk or cassette

recording can be produced.

• Cray Research, the leading manufacturer of supercomputers, said it would report a loss for 1992 because the systems had been delayed .

#### Final approval for Continental deal

THE US Department of Transportation yesterday finally approved the investment in Continental Airlines. which is in bankruptcy, by Air Canada and Air Partners.

The deal gives Air Canada 27.5 per cent of the equity and 25 per cent of voting rights. Air Partners, a Texan partnership, gets a similar equity interest but 41 per cent of the votes.

DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITABY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) **DESIGNATED COUPON NO. 88** (ACTION REQUIRED ON OR PRIOR TO APRIL 30, 1993)\*\*\* Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 18th 1978 among Tokyo Shibaura Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, pervalue 50 Yen per share, of the Company (the "Common Stock"), HERSBY GIVES NOTICE of a dividend of 5 Yen per share of Common Stock."

The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 124.00 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Causda, Dermark, France, The Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 18% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such committee and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 18% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Compon No. 88 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Compon No. 88. Such certificates may be forwarded by the Depositary to the Company upon its request. Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 88.

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\$1.61 \$16,13 \$1.71 \$34.27 \$85.69 \$171.37 Payment in United States Dollars in respect of Coupon No. 88 will be made by United States Dollar to a United States Dollar account maintained by the payer with a bank in New York City. Date: January 8, 1983 Chemical Bank, as Depositary, 180 Strand, London, WC2R 1EX, England

"September 30, 1992 has been established as the record date for the determination of the stockholders of the Company emitted to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Company

\*\*Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding lax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deem appropriate in the circumstances to assist such holders in availing themselves of such reductions. Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, the Custodian has been asked to remit to the Company, the Custodian over 80% of the dividend payable and allocable to unsurrendered that allocable to unsurrendered for the Company and the Sec.

As a result, persons surrendering Coupon No. 88 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

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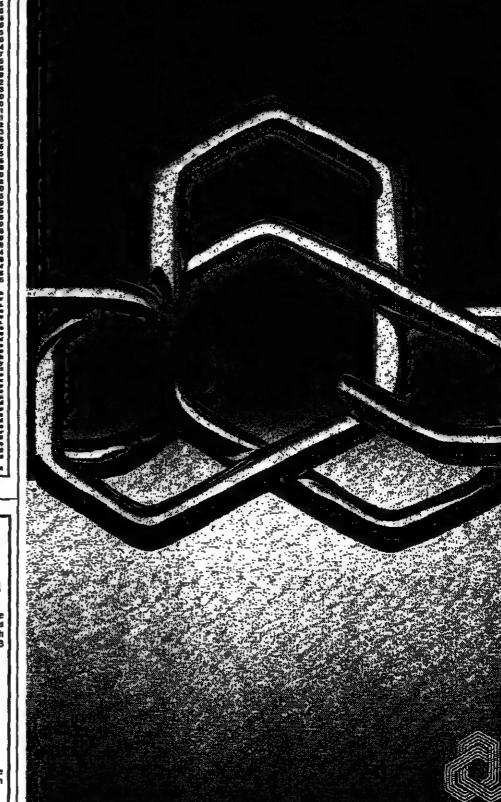
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#### INTERNATIONAL CAPITAL MARKETS

## Bundesbank decision to ease repo rate provides limited relief

By Sara Webb in London and Patrick Harverson

THE BUNDESBANK's decision to ease its repo rate, a key money market interest rate, while leaving Germany's official discount rate and Lombard rate unchanged, provided some relief for Europe's government bond markets yesterday and prompted interest rate cuts in the Netherlands and Belgium.

However, while bond market analysts said the 15 basis point cut in the repo rate to 8.6 per cent could help to reduce some of the tensions within the European exchange rate mechanism, some market participants were disappointed at the small size of the Bundesbank easing and at the decision to leave the official discount rate and Lombard rate unchanged at 8.25 per cent and 9.5 per cent

The bond market reaction to the Bundesbank's easing was rather muted: after an initial rise in prices on the news, longer-dated German and French government bond prices ended the day slightly lower.

Strong buying of German government bonds earlier this ek on expectations of lower interest rates had beloed to push up bund prices, and dealers said many investors decided to take profits yester-day. Continued good demand for two and three-year paper led to a further flattening of the German yield curve, dealers said.

Mr Helmut Schlesinger, Bundesbank president, was quoted yesterday saying that the reduction in the central bank's 14-day securities repurchase tender rate from 8.75 per cent to 8.60 per cent was not a signal, but was a continuation of the central bank's

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Gill Edged Burgains	107.6	104.7	88.2	460	53.3 79.5								

easing in monetary policy. News of further supply may have helped to depress the long end of the market, as the Finance Ministry said it would

#### GOVERNMENT BONDS

increase the size of the 8 per cent Unity Fund bond by DM2bn to give a total issue size of DM19bn.

THE Bundesbank's easing helped to improve sentiment in the French government bond market, relieving some of the strain on the French franc, which closed stronger against

The yield on the 8.5 per cent bond due 2003 rose from 8.05 per cent to 8.09 per cent, while the futures contract on the Matif exchange in Paris closed at 112.64, down 0.16 from late Wednesday.

The French government raised FFr16.457bn at its regular auction yesterday, including FFr10.71bn of the 8.50 per cent bond due 2003 at an average yield of 8.09 per cent. LONG-DATED UK govern-

ment bonds fell back about a quarter point after the Bundesbank announced that it would lower its reno rate while leav-

ing key German interest rates unchanged. Short-dated gilt 108.59. orices held steady, helped by sterling's relative strength in the foreign exchange markets as the pound traded at around

DM2.51 yesterday afternoon. Dealers said longer-dated gilts drifted lower on fears of new supply, with the market expecting the Bank of England to announce a new gilt auction shortly.

However, estimates of how much funding the government needs to do in the remainder of this financial year vary. Mr Ifty Islam, economist with BZW, predicts that the Bank of England needs to issue about £2.25bn in new gilts, while Mr John Kendall, economist at Baring Sterling Bonds, esti-mates that some £4.5bn of new gilt issuance remains to be

■ JAPANESE government bonds closed higher, touching four-year highs in the cash and futures markets.

Dealers noted strong investor buying across the yield curve, with the yield on the benchmark No 145 issue moving from its opening level of 4.48 per cent to as low as 4.45 per cent before closing at 4.455 The March futures contract

climbed from 108.47 to a high

of 108.62, before ending at

The Ministry of Finance offered Y800bn of 10-year gov-ernment bonds with a coupon of 4.8 per cent at auction, as expected. The coupon is the same as for the last 10-year auction stock - the No 153 and the issues are expected to be merged to form a new 10year benchmark eventually.

The auction had a relatively high bid-to-cover ratio of 6.56 per cent. The average bid price was 100.90 and the lowest accepted bid price was 100.85.

■ A LARGER-than-expected fall in weekly jobless claims and continued worries about the impact on the market of fresh supply left US Treasury prices moderately weaker across the board yesterday morning. By midday, the benchmark

30-year government bond was down 14 at 102%, yielding 7.384 per cent. At the short end of the market, the two-year note was also lower, down % at 100%, to yield 4.574 per cent. Record amounts of new corporate bond issues, plus the upcoming sale of new government securities. depressed Treasury prices in

recent days, and yesterday was

no exception.

BENCHMARK GOVERNMENT BONDS y Yield Week Month ago 8.97 8.92 8.77 Coupon Date Price Change Yield 10.000 10/02 106.5846 -0.002 8.750 06/02 107.5400 + 1.740 7.58 7.84 8.00 AUSTRALIA BELGIUM B.04 7 96 7 95 8.500 04/02 102.9500 -0.550 9 000 11/00 100.2700 + 0.400 8.94 8,94 7.97 8.02 8.06 8.08 8.500 03/97 101.7512 + 0.174 8.500 11/02 102.8650 -0.060 7.15 7 24 8.000 D7/02 105,6800 -0.010 GERMANY 12.000 05/02 23.2000 +0.565 13.73† 13.57 13.76 4.800 05/99 102.1642 +0.306 5.500 03/02 106.7485 +0.275 4.37 4.47 7.14 7.35 8.250 06/02 107.3800 -0.160 NETHERLANDS 12.61 12.49 12.71 10.300 06/02 87 4750 +0.225 7,24 8.25 8.56 109-05 109-12 102-20 10.000 11/96 9.750 08/02 9.000 10/08 6.70 6.66 7.39 7.35 8.375 08/02 7.625 11/22 97-23 -10/32 102-34 -10/32 8,90 8.500 03/02 100.0250 +0.270 8.49 8.64 Yields: Local market sta

The downward trend, however, was exacerbated by a string of good economic news, primarily the announcement that claims for state unemployment insurance dropped 40,000 in the week that ended Decem-

Although analysts said that the holiday-shortened week was partly behind the big drop in claims, it did not explain all of the decline. Consequently, the data was taken as another indication that labour market conditions have been improv-

NEW INTERNATIONAL BOND ISSUES

ing, and analysts said that the figures increased the likelihood that today's December employment report will show a significant increase in non-farm pay-

Technical Data/ATLAS Price Sources

Additionally, the market was unsettled by news of robust chain store sales and by the latest ABC/Money Magazine consumer comfort index, which rose to the highest level since May 1991 as the number of consumer who believe the economy is improving reached a seven-year high.

### Moody's reviews Crédit Suisse

By Richard Waters

MOODY's Investors Service, yesterday remained the only leading credit rating agency to put Credit Suisse under review following the announcement earlier in the week of its agreed bid for Swiss Volksbank. Standard & Poor's is expected to decide today whether to follow suit.

Moody's rating of the giant Swiss bank is already out of line with other agencies. It downgraded Crédit Suisse to AA1 last year, while S&P and IBCA, the European agency, both continue to accord the bank their top AAA

ratings.
Any further downgrade by Moody's would put the bank in the even more unusual position of having split ratings which were two notches apart on the ratings scale.

Moody's said its review, which affects \$2.3bn of debt. was prompted by concerns over the effect the takeover of Volksbank would have on Crédit Suisse's asset quality, core profitability and market position in Switzerland. At the same time, Volksbank's short-term P2 rating has been put under review for a possi-ble upgrade.

Crédit Suisse reacted coolly to the news yesterday. "That we have been put on the watch list is regrettable. But we cannot set our long-term strategies according to the short-term views of the rating agencies," said Mr Josef Ackermann, chief executive designate of Crédit Suisse.

S&P said that its Europe and US-based analysts were likely to take a view today on whether to put the bank on the watchlist. Options European

Exchange, the Dutch options market, expects a 1992 net profit of at least Fl 16m, compared with Fl 19.8m profit in 1991, Reuter reports from

Mr Tjerk Westerterp, president, said 1992 volume rose by almost 2 per cent to 11.3m traded contracts, which was better than originally forecast.

### Norway issues C\$750m Eurobond

By Brian Bollen

THE Kingdom of Norway launched its 1993 international borrowing programme yesterday with a C\$750m 10-year issue through Goldman Sachs International, one of the largest Canadian dollar Eurobond issues to date.

Norway, like Finland and Sweden, needs to borrow to replenish foreign currency reserves after last year's currency crises, although its requirements are lower due to current account surpluses generated by oil and gas exports.

Foreign currency reserves stand at around \$10bn today, compared with \$12bn-\$13bn a year ago, and it can afford to borrow at an almost leisurely pace, says Mr Sigurd Klakeg, deputy director general at the Norwegian ministry of finance. Norway will borrow up to

\$6bn internationally this year, compared with \$5bn in 1992. The kingdom is understood to have a funding target of 20-30 basis points below Libor, and is thought to have swapped the

#### INTERNATIONAL BONDS

proceeds of the issue into floating-rate US dollar notes. The bonds were priced at 45 basis points over the benchmark government bond.

The large volume of Canadian dollar bonds this week has prompted fears of over-supply. Goldman Sachs said half of yesterday's issue had been sold by the end of the day, with interest good in the Far East but not as strong as expected on the Continent. The European Investment

Bank continued its active mart

to the year with two further issues, in part reflecting its need to borrow an extra Ecu5bn to meet the spending commitments agreed at last December's Edinburgh summit. Its £400m of 10%-year bonds through Samuel Montagu followed a \$250m 10-year collared floater arranged by Kidder Peabody earlier this week and were launched almost simultaneously with a L200bn seven-year issue.

The sterling issue was described by a number of bankers as very expensive, but benefited, they said, from strong international demand for Eurosterling assets. Samuel Montagu said it had

detected strong demand for a liquid sovereign or supranational 10-year benchmark that could be traded at or below

par. The EIB is still in the pro-cess of finalising its 1993 bor-

rowing strategy, but before the Edinburgh summit was expec ted to borrow 10-12 per cent more than last year's Ecul3bn. Meanwhile, Goldman Sachs said the response in Europe to the World Bank's \$1.25bn 30year global, priced at 28 basis points over comparable US Treasuries, far exceeded expectations and that the spread

tightened to 26.

The Republic of Finland increased its seven-year issue to DM3bn, making it one of largest D-Mark issues yet seen. The terms of the increase continue the tightening of spreads enjoyed by Finland. Lead manager Dresdner Bank said the increase was launched at a apread of 50 basis points over German government bonds. three basis points lower than the spread on the original DM2bn of bonds, and was holding that spread in trading.

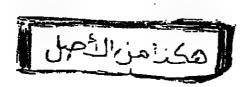
1.25bn	7.625	99,486	Jen. 2023	45/40bp	CSFB/ Goldman Sachs
350		100			Lehman Brothers
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50	( <del>e</del> )	100	Dec.2002	60/250p	Merrill Lynch int
1bn	7.5	102.55	Jan.2000	24/22%	Dresdner Bank
100	(g)	102.5	Jan 2006	3/112 %	Morgan Stanley
25	(ħ)	100	Jan. 1996		DKB(Deutschland)
400	8	96.73	Jun.2003		Samuel Montagu & Co.
1.6bn	7.625	99.8	Feb. 1998	37.8bp	BNP Cap.Mkts.
750	8.375	98,778	Jan.2003	32 ½/20bp	Goldman Sachs Int.
180	9.25	100.2	Feb.2003		Deutsche Bank London
25	9.25	100.66	Feb.2008	219/134	Hambros Bank
				·	
200bn	12.75	101.72	Feb.2000	13/14%	IMI Bank Luxembourg
506	5.5	102	Mar.2003	-	Swise Bank Corp.
300	5.5	101.25	Feb.2003	-	USS
150	5.25	102.25	Feb.1998	-	Credit Solver
100	5.6	101.5	Feb.2003	4	UBS
80	5.6	100.75	Jan.2003	-	Benk Leu
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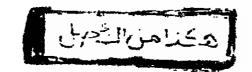
Final terms and non-callable unless stated. \*\*Private placement. \*\*Convertible. \*\*Floating rate note. a) Coupon payable semi-annually. b) Exchangeable into Chevron shares at \$84½, a 20.4% premium. \$125m Euro tranche, \$225m US tranche; tranches are fungible. Callable after 5 years at par. c) Fungible with outstanding \$300m. Plus 173 days secrued interest. d) Pinal terms fixed on \$21/183. Callable from 1/483 at 103% deciling by 1% per annum to par. e) leave leunched on \$1/292 has been increased to \$125m. Coupon pays 12½ bp below 8-month Libor. Minimum coupon 6%, maximum 10%. 1) leave leunched on Monday was increased to \$450m. g) 8% fixed annual coupon for first year and 19.75 - 2 × 6-month Libor. therefore, h) Coupon pays 40b above 8-month Libor. I) Partly peid leave: 40% payable on 1/293, 80% on 1/2/64. |) issue leunched on Monday was increased to \$450m.

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_	MARKET STATISTICS	
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COMPANY NEWS: UK

Receivers hope to save jobs by selling most of collapsed group's businesses

## Lilley debts total more than £80m

By Andrew Boiger

RECEIVERS hope to preserve jobs by selling most of the businesses in Lilley, the Glasgow-based contracting and construction group which has collapsed with debts of more than £80m, of which 120m are off-balance sheet.

Price Waterhouse, who were appointed as receivers yesterday, said management forecasts suggested that losses caused mainly by property writedowns and losses on disposals would have reduced the group's net assets from £47m at the end of 1991 to net liabilities of £13m by the end of 1992. At

yesterday's share suspension price of 7%p, Lilley had a market capitalisation

There was also an urgent need for cash, which management had concluded might amount to as much as £16m. It was this requirement for new funds which proved too much for two of Lilley's six banks - Clydesdale Bank, the Glasgow-based subsidiary of National Australia Bank, and Hill Samuel, the merchant bank subsidiary of

Mr Iain Bennet, of Price Waterhouse, said Lilley's financial difficulties

value on a number of major property developments which were acquired at the height of the property boom. He added: "The group's divisions

comprise many well-known and respected construction businesses. We very much hope that these can be saved through successful receivership sales. With this in mind we have already contacted a number of potential purchas-

Lilley employs a total of 2,800 people, more than half of them in Scotland. There are 1,200 on staff, with the rest working on sites throughout the UK. Robison and Davidson, a building and construction subsidiary in Dumfries, which employs 750 of the group's total, is not in receivership. The receivers appointed to its parent are hopeful of selling the shares of the company within the next few weeks.

Lilley also owns Harrison Western Corporation, based in Denver, Colorado. which owns and leases five tunnel-boring machines. This company is not in receivership or subject to any other insolvency procedure

 Lilley (Construction) Services Ltd. of Long Stratton, Norfolk, has no connection with the Lilley group and is

## The doctor's painful loss of a sick patient

Andrew Bolger examines the failure of another quoted company north of the border

T IS always painful for a company doctor to lose a patient, but the collapse of Lilley is a particularly bitter blow to Sir Lewis Roberston, who has chaired the group

The dismal significance of the failure of yet another of Scotland's diminishing number of large quoted companies is not lost on the 70-year-old Scot, who since retiring as the first chief executive of the Scottish Development Agency in 1981 has been a leading figure in the commercial establishment north and south of the border. In spite of Lilley's alarming level of debt and heavy provi-

sions for property writedowns, Sir Lewis insists that a restructuring package finalised before Christmas was feasible. The plan provided for the subscription of new equity, the elimination of the group's exposure to property developments and property joint ven-tures, planned sales of the group's principal housebuilding and plant-hire businesses

and trading operations in the US, and a partial debt to equity conversion by the banks. The restructuring was supported by the three main insti-

By Philip Coggan, Personal Finance Editor

ECCLESIASTICAL Insurance

Office is facing institutional

opposition to its bid for St

trust specialising in smaller

companies. The first closing date for the offer is today.

designed to give EIO more than 50, and less than 75 per

cent of the trust. EIO needs a

majority stake to comply

with new European Commu-

nity guidelines on capital ade

quacy.
But some institutions are

unhappy that RIO is not pay-

formula asset value (in

esence, the net asset value minus expenses). If EiO gains

THE BOARD of Ralsion

Investment Trust is proposing

The net asset value of the.

trust, which is 75 per cent-owned by Caledonia Invest-

ments, itself controlled by the

Cayzer family, declined by 30.4

per cent between its inception in October 1988 and November

Mr Peter Buckley, Caledo-

nia's chief executive, said: "It's

been a bit disappointing.

But the formation of Ralston

a voluntary liquidation of the

The bid is for 93 per cent of

majority control of the trust, it consideration."

ing a premium for control.

By Roland Rudd

The bld is a technical one

**EIO** faces opposition

to St Andrew Trust bid

tutional investors - Scottish Amicable, M&G and BZW who spoke for nearly 30 per cent of the equity, and the group's Spanish partners, Entrecanales and Cuibertas,

who own 21.5 per cent.
Four of the six banks in the group's £45m loan syndicate agreed - the Bank of Scotland. Royal Bank of Scotland, Nat-West and Banque Indosuez -but the refusal of Clydesdale Bank and Hill Samuel to inject any new money made receivership inevitable.

Hill Samuel said: "We agreed the rescue package, but were not willing to commit addi-tional funds. We didn't want to increase our exposure, given the sudden deterioration in their property books."

No comment could be obtained from Clydesdale Bank, the Glasgow-based bank taken over by the National Australia Bank in 1987.

Sir Lewis, who declined to give details of the bank negotiations, said: "I want to avoid hurling bricks amongst the banks, but what bothers me is the need for unanimity." Under the so-called London Rules, most lending agreements contain covenants

will be able to equity account the assets and thus, in theory,

will not mind if the trust fells

Minority shareholders will

have no power to alter the stru-

"If KIO wins control, it won't

have the same interest as the rest of the shareholders," said

Mr Jonathan Woolf, deputy

chairman of British American

Film Holdings. BAFH owns 2 per cent of the trust and will

not be accepting the offer. "I would be surprised if anyone did," said Mr Woolf.

holder has already rejected the

St Andrew have already said

that they are not recommend-

ing the offer, although share-holders should give it "careful

Another major institutional

The independent directors of

to a discount.

requiring a unanimous agreement of the banks to make any substantial changes in the loan

Sale Tilney, the mini-con-glomerate which went into receivership last week, did so after just one small foreign bank declined to agree to a financial restructuring, although the Bank of England is understood to have inter-

Sir Lewis pointed out that Mr Pen Kent, an associate director of the Bank of England, recently urged banks to adopt new procedures when writing loan covenants. Mr Kent said the requirement of a unanimous vote for a reconstruction to go ahead should be replaced with a qualified majority.

Sir Lewis's disappointment at Lilley's receivership will not be lessened by the knowledge that he saved the group from a serious financial crisis in 1986 resulting from its US and other overseas operations. Mr Robertson (as he then was), a veteran of a number of corporate rescues, became chairman, bringing in Mr Joe Berber as chief executive who drastically pruned Lilley's overseas activi-



Sir Lewis Robertson: previous policies were pursued too long

In 1988 Mr Barber was replaced as chief executive by Mr Bob Rankin, a former chief executive of the construction group Balfour Beatty, in a management buy in which brought in £27.4m in new

The idea behind the buy-in was to expand Lilley through ioint ventures with property developers including London and Edinburgh Trust, which is subscribed to the share plac-

ing. Sir Lewis said yesterday that, with hindsight, this deal

about 530 - down by nearly 30

Commercial turnover rose by

6 per cent to 25.1m, of which

nearly two thirds came from

had caused Lilley to move towards property development and housebuilding at the wrong time in the cycle. In 1989 Lilley launched an abortive bid for Tilbury, leaving the Scottish company with a 29 per cent stake in the construction group, which it later sold at a

Last year Lilley unwound its involvement with London & Edinburgh Trust and Mr Rankin resigned in October. Mr James Hann joined the group as deputy chairman and helped put together the rescue package which went to the banks.

Sir Lewis said the previous policies were pursued too long against a changing economic background, but accepts that as chairman he shares the responsibility: "It was a board decision. It was necessary to give Mr Rankin a run on the basis which he was appointed, which brought in £28m, a sub-

stantial amount of money." Since most of Lilley's problems concern its remaining property portfolio and balance sheet, there is a good chance of finding buyers for the group's core contracting and construction activities, which have work in hand worth £100m.

from overseas buyers spurred

by the sterling devaluation in

at the end of October, against

group was benefiting from the

absorption of a £1.6m property

write-off last year and the con-

tinued depreciation of office

equipment bought after its list-

"I am quietly confident the

improvement in our results is

sustainable in the current six

looking to a public listing in

eptember. Cash reserves stood at £2.5m

## boost for Insurance

By Richard Lapper

INDEPENDENT INSURANCE Group, the medium-sized general insurer which is planning a stock market flotation in the spring, has completed a £10m rights issue.

Mr Robert McCracken, director and general manager, said the new money gave the group "a stronger capital base to go forward in 1993," taking advantage of recent rises in premium rates in the UK mar-

Independent, the former UK operations of Alistate of the US, has grown rapidly since it was bought in 1987 by the New Scotland Group. New Scotland was formed for the deal by Scottish businessmen and backed by institutional investors including 31, Foreign &

Colonial and County NatWest. Mr McCracken said the company was strong in the provin-cial commercial property and the London insurance market, which together provide 64 per cent of its premium income. It had diversified away from its original focus on personal

lines insurance, But following recent growth in annual premium income to more than £100m, solvency which measures not exects as a percentage of premium income - had fallen to about 40 per cent, and fresh capital was needed to support further

expansion. Investors have been encouraged by the group's strong profitability, bucking the industry trend.

Independent made profits of 28.5m in 1990 and 22.1m in 1991, when the UK general insurance industry lost more

During the first nine months of 1992 independent's pre-tax profits rose from £1.8m to £3.8m, with premiums up from 270m to £100m.

Mr McCracken said the company's success was due to the fact that its underwriting polley was tighter than many of its competitors. It had also been more selective about the brokers with which it traded

on a regular basis. Independent's management and some staff own about 8 per cent of the company.

#### TT declares bid for AB unconditional

By Richard Gourley

TT Group, the industrial holding company which has recently been transforming itself into a more specialised electronics company, yesterday declared unconditional its recommended offer for AB

Electronica.
At the first closing date TT had received acceptances in respect of 52 per cent of AB shares. It bought a 6.3 per cent stake last July and a further 1.1 per cent during the offer.

TT also announced that the open offer of shares to raise £7.7m was subscribed 1.4 Since the bid was launched TT's share has risen from 186p

to yesterday's close of 240.5p, up 3.5p on the day. As a result the value of TT's share offer has risen from 50p to 65p, while the cash alternative has remained at 45p.
In spite of this disparity, the company received acceptances

for the cash alternative in respect of 438,251 AB shares. The share offer remains open until further notice. Advisers to TT said the share price had been depressed ahead of the bid because of talks taking place with AB. Mr John Newman, TT chief execu-tive, had also spent time rais-

ing TT's profile with institu-

#### **NEWS DIGEST** Irish Continental

Irish Sea ferry operator, which bought B&I ferries a year ago, reported pre-tax profits up 29 per cent to IE4.im, (£4.3m), for the year to October 31. Turnover rose sharply from

pany said an extraordinary charge of E1.7m arose from its "withdrawal from the dedicated car-carrying business." Earnings per share rose from 14.8p to 21.8p

#### Farringford seeks capital injection

in which Sir Frederick Pontin tion of additional capital.

announced a pre-tax loss for the 14 months ended February 29, 1992 of £1.02m, against a £56,000 deficit for the 1990 calendar vear.

approved by the directors, although the auditors report as currently drafted contains a going concern qualification.

#### Corrections Sidney Banks

Banks, the grain and agricul-tural specialist, increased from £1.25m to £1.53m in the six months ended October 31 1992. In yesterday's report the net taxed profits given were incorrectly described as pre-tax.

#### TV-am

### Rights cash Burton aims for Independent more responsive organisation

By Neil Buckley

LESS THAN a year after taking over, Burton's chief executive has grasped the nettle and announced sweeping structural changes throughout the group's 10 trading divi-

Mr John Hoemer, the American who took over last February, launched a rationalisation programme involving the loss of nearly 2,000 full-time jobs, but the creation of up to 3,000 part-time ones.

The programme - the result of a six-month review carried out in conjunction with PA Consulting Group - is likely to cost between £10m and £15m, but achieve savings of a similar size this year. Analysts welcomed the changes Mr Nick Hawkins, of

Kleinwort Benson, said they were long overdue. The new management is taking an organisation which is heavily bureaucratic and making it more responsive to the market

place.

The important thing is that after dealing with operational issues last year they are now tackling the structural issues." The group stressed that the programme was not just about redundancies, but included other organisational changes necessary to cut staff and management costs. These were higher as a percentage of turnover than in comparable

retail companies. Staff employed in head office functions are to be reduced by

933 - roughly one in four. The shake-up includes the resignation of two board members. Mr Geoff Powell is replaced as operations director by Mr Graham White, and Mr John Davies is replaced as company secretary by Mr Ian Jackman, Burton said this reflected the "top-to-bottom"

nature of the changes.

Mr Hoerner said buying and merchandising operations would be split into two separate functions. Reports that were previously prepared on an ad boc basis would be computerised and standardised.

Savings would also be achieved in the finance sector through computerisation and centralising accounting functions into centres in Leeds and Taunton.

In the shops, about 1,000 full-time jobs will be lost. But up to 3,000 part-time jobs will be created.

Mr Hoerner said most savings would be achieved by scheduling employees to work at the busiest shopping times, achieving better service at a lower percentage cost. Workers reducing their

hours from, say, 36 to 26 a week, would receive a higher hourly rate that would go some way towards compensa-

### Woolcombers and Illingworth fall

By Daniel Green

WOOLCOMBERS GROUP, the wool processing company which abandoned plans for a stock market flotation in September, yesterday reported interim pre-tax profits 26 per

cent lower at £1.16m. 211.9m (212.12m), although this was more than accounted for by the discontinuation of busi-

## Hingworth Morris Group,

Turnover for the str months to end-September slipped to nesses with a turnover of

The results show £229,000 of extraordinary costs associated with both the postponed flota-tion and a Monopolies and Mergers Commission inquiry into the wool scouring (cleaning) market. Earnings per share fell from 3.48p to 2.55p.

The company said its proposed flotation was abandoned due to volatile currency and equity market conditions". Mr Alan Lewis, the chairman, said he hoped to try again to float in the early autumn of this

Woolcombers is part of the

#### quoted on the stock exchange until 1999 when it was taken private by Mr Lewis.

Illingworth Morris, owner of the Crombie brand name, also published its interim results yesterday.

A doubling of the interest charge contributed to a fall in pre-tax profits from £1.13m to £905,000 for the six months to September 30. Turnover rose slightly to

£25.78m (£24.2m). There were extraordinary charges of £434,000 associated with the postponed flotation and inquiry.

Both companies said "general economic conditions have continued to be difficult" and that "the second half of the year is expected to show improved profitability"

Cloth sales of Illingworth held up "notwithstanding the competitive pressure on pric-ing" and market share improved. At Woolcombers. sales of lanolin-based products increased by 10 per cent, but sales of synthetic fibres fall 31 Der Cent.

#### Druck declines Lower margins 27% but orders leave Reg increase

Druck Holdings, the Leicester-based manufacturer of electronic pressure measuring devices, yesterday reported lower first-half sales and profits but said orders were up, writes Paul Taylor. Pre-tax profits in the six months to September 30 fell by

27 per cent from £2.41m to £1.75m on turnover which slipped by 6 per cent to £12.7m (£13.5m). Earnings per share fell to 18p (23.3p), however the interim dividend is being maintained at 3.4p.

Mr John Salmon, chairman,

said: "Due to a number of factors the first half results are down on the same period last year, but I am confident that this deficit will be partially, if not wholly, reversed by the end of the full year." He said orders were 6 per cent ahead for the first six

months and had moved further ahead since September. Orders from Germany, which had lagged other markets, had increased considerably, as had export orders.

#### interim results at Reg Vardy. The Sunderland-based motor group reported an 8 per cent fall in pre-tax profits from £2.02m to £1.86m in the halfyear to October 31, writes Matthew Curtin. The shares fell 8p to close at

Vardy at £1.9m

TRIS WINTER's revival in car

sales came too late to help

Turnover improved from 295.6m to £108m, but shrink-ing margins led to a fall in operating profits from £2.74m to £2.3m. Barnings per share were

3.01p, against 4.22p, on a larger number of shares in issue. The interim dividend is held at 1.3p. Mr Peter Vardy, chairman,

sald attempts by some manu-facturers to stimulate demand by dropping prices had not been entirely successful.

However, he added lower interest rates and the removal

of the special car tax, which came too late to revive sales in 1992, would stimulate demand DIVIDENDS ANNOUNCED

	Current payment	Date of payment	ponding dividend	for year	last year
Int		Feb 22 Apr 30	3,4		9,4
4	1,3	Apr 30	1.0		

Dividends shown pence per share net except where otherwise stated. tOn increased capital. §USM stock,

#### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Eacherge. Such response to considering divisionds, Official Instantors are not evaluable as to whether the dividends are not evaluable as to whether the dividends are posterina trilinats and the subdividends shown below are based mainly on last year? It measures.

Pinale- Lowe (Robert), Torex Hire, Union PUTURE DATES

#### coincided with the start of a Capel survey suggests shares may be underrated

By Maggle Urry

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A FORECAST of 6 per cent per annum dividend growth in the medium term suggests that UK equities are currently underrated says James Capel. However, in its report, enti-

tled Dividend Growth - the Key to Outperformance, the stockbroker goes on to say that if dividends rise by less than 5.5 per cent on average, the stock market could fall. The report, based on a sur-

vey of 200 leading companies

and institutional investors,

produced a consensus that UK dividends would grow by 6 per cent a year in the 1990s. The survey also suggested that investors were more concerned about companies' available cash when they set dividends, while companies were more concerned with prospec-

tive earnings growth.

returns from equities, with equity market returns tracking the rise in dividends over the last 70 years. However, in the 1980s dividend growth in real terms ran ahead of economic growth, a trend reversed by

level of earnings cover for dividends has dropped. For the level of cover to return to the longer-term average of 2.3, and dividends to rise by 6 per cent, earnings would

year to 1999. James Capel forecasts divi-dend cuts from 19 companies, but says 24 should see growth above 12 per cent and 87. including 27 utilities, should achieve between 6 and 12 per cent growth.

**Ralston Trust board** proposes liquidation period during which the securities of smaller UK companies

have underperformed the mar-In contrast with other investment trust restructurings shareholders, other than Caledonia Investments, will receive cash distributions equal to their proportional entitlements to the net assets

of the company. A second interim dividend of Lip per share will be paid on

January 29. Shareholders will be asked to approve the proposals at an extraordinary general meeting on February 1.

Evode's borrowings because under the rules of the Take-over Code it is entitled to ask for any new information given to other potential bidders. Laporte, the UK's second Dividend growth, the broker says, is the basis for long-term biggest quoted chemicals group, is at an advanced stage of discussions with Evode about making a recommended hid and had already received the new information on

the onset of recession. Although a number of dividend cuts have been made, the

have to grow by 9.5 per cent a

the balance in November Great Southern has also acquired a related property in Newport for £140,000.

### Savills returns to the black

per cent from 740 in 1989.

By Matthew Curtin

SAVILLS returned to profitability in the half year to October 31 as the property group drove down costs and expanded its lucrative commercial property consultancy and

alustion services The pre-but profit emerged at £163,000 compared with losses of £762,000, on a small increase in turnover from £11.8m to

Mr George Inge, chairman, said a 2826,000 reduction in

numbers were cut again to

debt figure

NEW information on Evode

passed to Wassall, which is bidding £113.2m for the chemi-cals and plastics company, shows that Evode's net bor-

rowings will average more

than £40m during the four

quarters of this year. This contrasts with the lat-

est available information

released by Evode earlier this

month when it published its balance sheet for the

financial year ended October 3

Divestments and a 17 per

cent reduction in working capital reduced Evode's net bor-

rowings from £46.1m to

Wassall, the mini-conglom-

erate, received the details on

Evode's debt. Mr David Winterbottom,

Evode's chief executive, dis-

missed the new information

about his company's borrow-

Great Southern Group has

acquired 75 per cent of Newport-based TJ Davies &

Sons (Funeral Directors) for

£450,000. It also has

the option to purchase

Great Southern

(£16.4m).

for Evode

By Roland Rusk

Savills was advising the administrators of Canary

costs was chiefly responsible for the improved results. Staff

Wharf, but its City agency had performed well throughout central London with good demand for quality accommo-

The residential sector was

signs that the London market had picked up in November and Decamber with Artifacts of the current six months, but we have seen false dawns before," Mr Inge said.

Earnings per characteristics are seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months, but we have seen false dawns before, and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before and the current six months are seen false dawns before

and December, with interest

## Contrasting | Xenova raises £19.7m

XENOVA, a British biotechnology group, has raised \$30.3m (£19.7m) through a pri-£28.5m, giving gearing of 50 per cent. The group also generated cash of £26.2m

Recovery

continues

at Abbey

1£367,000 last time.

ABBEY, the Dublin-based

housebuilder and plant hirer,

maintained its improvement

with a pre-tax profit of

12501,000 (2522,000) for the six

months to October 31, against

The result was struck after a

ighm provision, mainly

reflecting a revaluation of a

recently let investment prop-

erty. At the trading level, there

was a turnround from losses of

Interest received added

IE772,000 (IE448,000). The com-

pany said it still retained a

Barnings per share were

0.43p (0.63p). There is no interim dividend, but the com-

pany hopes to be able to rec-

ommend payment of a final.

I£81,000 to I£729,000 profits.

sizeable cash position.

## via US share placing

consultancy and valuation . £1.9m six months earlier. The

By Maggle Uny

vate placing of shares in the US at \$5 a share. It is thought to be the largest financing arranged by a European bio-technology group in the US.

Mr Louis Nisbet, chief execu-tive officer of Xenova, said the main reason for going to the US for funds was that the US market had a good history of financing young hi-tec businesses in the health care field. The financing, arranged by Paine Webber, brings to a total of \$56.4m the equity Xenova has raised since its foundation in 1987. Existing investors, who include venture capital groups, institutional investors and Genentech, the Californian biotechnology company, took 15 per cent of the new shares being sold. Genentech's total

### investment in Xenova so far is Mr Nisbet said the group was

ing in 1988.

the next one to two years. This could be in the US or possibly jointly in the US and UK. Xenova's specialisation is developing small molecule drugs derived from natural products such as fungi and plants, found anywhere between "Amazonia and our backyard" Mr Nisbet said. At present it has drugs in pre-clinical trials and hopes to start human trials in the next 18 to 24 months. The drugs are

#### flammatory diseases such as rheumatoid arthritis, and cardiovescular disesse. It is collaborating with a number of large drug companies, but has retained substantial marketing rights, particularly in Europe.

aimed at three categories of

disease: cancer, immune-in-

advances to L£4.1m Irish Continental Group, the

1630.9m to 1698.2m. The com-

## Farringford, the hotel company

holds a 36.6 per cent stake, announced that it was in talks with a number of parties with a view to arranging an injec-In October the company

The accounts were vesterday

Pre-tax profits of Sidney C

TV-am, which has lost its breakfast television franchise, was incorrectly described as a loss-making company in yesterday's edition.

#### RECRUITMENT

## Nigel Nicholson argues it is in management's own interest to discover what employees really think

mployee attitude surveys are becoming popular in British companies. For many, they are a new addition to a portfolio of human resources management techniques. So they are big business for consultancies. But what benefits do surveys yield, and are they worth it?

Management traditionalists express some trenchant objections to them which should not be disssed lightly as primitivism, but provide pause for thought. The objections include that:

 Good managers already know their staff's opinions. But how do managers know if their reading of opinions is correct? In almost every company survey we have conducted, critical gaps have been revealed between what too manag ment believe staff will say and what staff actually do say. Once managers have overcome their wounded pride at some of the responses, there is much to be learned. The news is never all bad, and there are always things to celebrate. Indeed, in many areas there may be considerable value in confirming what you suspected but could not prove for example, that staff feel pride in the company, or positive about their immediate bosses.

Getting satisfaction from staff surveys Most valuable, though, will be the early warning of potential trouble

spots that sophisticated analysis can reveal. Last, but not least, the comments and reactions of even lowly employees will contain a wealth of perceptive and intelligent suggestions for the future. • Surveys are a superficial, impersonal and bureaucratic method. Yes, they are superficial

inasmuch as they must ask simple and direct questions, which is more an argument for treating surveys as a step toward deeper inquiry than as ends in themselves. Yes, they are impersonal, to the degree that they rely on standardised questions. They are no substitute for good personal communications. Are surveys bureaucratic? Undoubtedly they sit better with

paper-driven than paper-phobic cul-tures, but management should test the climate by talking to staff doing an early pilot draft. In widely differing kinds of organisation there is an overwhelmingly favourable reaction to the survey initiative. "Thanks for

asking us" is a common response. Surveys give a free-ride to gromquestion of why people want to grumble in the first place. Moreover there are two ways to protect against the capricious or habitual grumbler. First, benchmarking. For any question it is important to know what is the normal range of response. If you ask people if they are satisfied with their working conditions, you need to know what minimum margin of discontent can

reasonably be expected.

The second protection is careful question design, avoiding leading or blank-cheque negative ones. This looks easier than it actually is, and artfully designed surveys balance opportunities for open criticism with opportunities for appreciation.

Surveys open cans of worms and raise false hopes. The first rule of surveying is that if you do not want to hear the answer, then do not ask the question. Management must be prepared for any possible reaction to a question, not just what it assumes is likely, or what it would like to hear. And it must start thinking, even before the question is asked, what would be its response

to negative opinions. In the worst managed companies leaders are likely to explain away or deny had news. The survey consultant bears a major responsibility here in pre-

paring the ground. Survey design is also critical to the issue of raising of false expecta-tions. Do not ask questions in ways which make it look as if you are holding a referendum. Surveys are rement by plebiscite.

anagement's commit-ment, clearly communicated at the outset, should be not only to take action where feasible and desirable, but also to be frank about reasons for not acting where to do so would be unreasonably difficult, contentious or costly. Fast, honest and clear feedback of results and likely outcomes is essential to the reaping of goodwill from a survey. Surveys contain built-in bias because of the unknown opinions of the many who do not respond. This is usually an exaggerated fear. Research following up non-respon-dents shows that bias is modest

achieved - it is the apathetics rather than the enthusiasts or dissidents who fail to respond. But there are many other more mundane reasons for non-response, such as pressure of work, absenteelsm, mislaid survey forms, and distribution failures. However, in a well-designed and carefully introduced survey, levels of 65 per cent plus can be expected. There are also technical ways of checking statistically for hiss, and rehalancing data accordingly.

So if surveying is not to be taken lightly, what is involved in taking it seriously, and what genuine benefits can be reaped?

First, it is best not seen as a oneoff exercise, but as a long term con-tinuing commitment to listening to employees. Companies with long traditions of surveying, such as IBM vey-friendly" environments in which employees expect to be regu-larly consulted, achieving a norm of high participation rates as a result. One survey is a snapshot, a series gives a moving picture. The benefit here is that the company begins to

base to rival those of the "hard" functional disciplines of finance and marketing. This has the potential to be used to set targets for measurable and rewardable improvements in management practice.

Second, a survey is not just a

medical check-up on the corporate body but an exercise in best practice communications. The effective survey is the organisation talking to itself. This is a source of strength on the principle that the intelligent systems which have self-knowledge are better able to survive in a changing world. Surveys also send a "cultural signal" about openness. listening and responsiveness. For this to be credible, the organisation needs to examine critically its current culture, and to ensure that the culture signal is consistent with the predominant values of the organisation. If not, then it must signal a genuine commitment to moving toward the values of a high-trust and high-involvement culture.

Surveys can give a powerful impe-tus to culture change programmes, as our work with BP's Project 90

and with other companies has shown. But culture change backshown. But culture change back-tracking, or not seeing itthrough, will do more harm than good. This is not a failing of the survey, but of

management action.
Given the risks, are surveys worth the cost? A comprehensive survey programme, involving piloting, design, analysis, normative benchmarking and feedback reports can be a sizable investment, but no more than that for many management training programmes and other forms of corporate communi-

What do you get for this? Surveys can range over a very wide terrain, including people's careers, their bosses' style, and their company's public image. Surveys also provide potentially valuable data about the experience and qualities of staff across levels and functions, including areas where the company is most vulnerable to losing key staff. Amateurish surveys are damaging. But well-conducted ones which feed into management training, staff development, and strategic

planning really can give organisa-tions a leading-edge advantage.

Professor Nigel Nicholson is direc-tor of the Centre for Organisational Research at London Business School,

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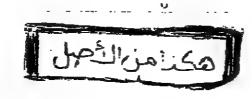
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Andrew Jack calls for further improvement among those responsible for financial reporting

BEFORE 1993 gets too far under way, it is a good moment to reflect on the disappointing state of financial reporting - and for those involved to resolve to try harder this year.

After two years of corporate collapses against a backdrop of accounts that provided their readers with all would be hard to deny improvements

The last few months have brought considerable change, notably through the work of the Accounting Standards Board, the Financial Reporting Review Panel, the Auditing Practices Board, the joint ethics committee of the professional accountancy bodies, and the Cadbury committee on corporate governance.

But more work needs to be done. Here are a few suggestions for those who produce accounts - and for

those who use them.
Finance directors and their boards. Both logic and the law - which do not always correspond - suggest that directors are the individuals responsible for preparing a company's accounts and ensuring that they show a "true and fair" view.

All too often, the question "Where were the auditors?" is unfairly posed - if only by those tempted to seek legal redress against professionals with deep pockets - when blame should be more correctly focused on

those within the company. Directors have the power, the access, the information and the responsibility to act on behalf of shareholders as custodians of the assets of a business. It is their actions

which determine its direction and

Yet the level of financial literacy is often poor. A survey by KPMG Peat Marwick last year suggested that one-third of managers did not understand the meaning of the profit and loss

Auditors and accountants. The secretive world of the accountancy firms becomes especially close-lipped at the mention of professional incompetence, complacency or complicity. But accountants cannot be allowed to escape a good share of the

Legal obligations, professional guidelines and years of training should all help them to ensure that accounts are accurately prepared and fairly presented for the benefit of their real client: the shareholder. Yet all too frequently auditors treat

the directors of the company as the client. It is the board which sacks. appoints and pays the auditors, meets the audit partner, negotiates the wording of the audit report, receives the management letter and hears details that never reach the ears of the shareholder.

That places auditors under commercial and personal pressures that sit uneasily with their impartial role, particularly at a time when accountancy firms have become more business-oriented, marketing-driven and competitive with one another.

Privately, auditors will talk about the fear of being sued or of losing the client at least as much as about whether they agree with the treatment of the accounts the directors

A tendency towards out-of-court settlements denies the public the details surrounding auditors' judgments and actions. Even so, some embarrassing evidence is now beginning to come to

It is more difficult for auditors to defend themselves when they have given unqualified opinions on the growing number of accounts now being censured by the Financial Reporting Review Panel.

The government. Accountancy is too important to be left to accountants. But legislators seem to believe it is either too boring or too technical to warrant their attention.

They have persistently turned their backs on the subject and left the pro-fession to draw up standards and to regulate itself. That may seem a more efficient approach, but it risks pandering to self-interest.

bere is little legislation covering financial reporting. What there is has tended to be introduced only in response to compliance with EC directives. It is inconsistent, ncomplete and often inflexible.

There is also little case law to set precedents and give guidance. If nothing else, clarification should be provided on what the Companies' acts mean by "a true and fair view"; and there should be a re-examination of the Caparo judgment on the nature of auditors' responsibility. And too little attention has been given to the question of whether it is desirable for the profession to be the ultimate - and potentially unlimited - target of legal action after every crash,

Analysts and institutional investors.

Skilled readers of accounts cannot be directly blamed for the figures that are presented to them. But they must take responsibility for sloppy interpretation - particularly when they are handling or advising on the use of

other people's money There is little doubt that there are wide variations in analysts' ability to read and understand accounts. Why else do company share prices so often seem to drop after accounting changes - which are purely presenta-tional - are announced?

The attention analysts and investors pay to short-term returns and to the bottom-line earnings figure has also played a strong part in encouraging a superficial reading of accounts
- and the manipulation of the figure by companies.

Professional investors and analysts must also share blame for not lobbying for reform more actively. Very few submissions for or against proposals suggested by the Accounting Standards Board have come from City investment institutions and brokers.

Standards-setters and watchdogs. Historically, standards have clearly allowed far too much flexibility. All that is changing with the work of the Accounting Standards Board, which has been widely welcomed. But the ASB's honeymoon is coming to an end. This year will see how far it can face up to opposition on controversial issues such as intangible assets,

acquisition provisions and valuations. Critics have started to point out ambiguities with its new financial reporting standards on cash flow and the profit and loss account. Companies have begun to squeeze through loopholes in the recent rulings of the ASB's urgent issues task force.

There are questions over the speed with which the ASB will be able to tackle the vast number of topics demanding reform. It plans to introduce only two new standards this year, its full agenda could well stretch through several more economic

cycles. Financial journalists. Those who write and broadcast for a wide audience of investors cannot escape from criticism. Time pressures and lack of specialist training limit coverage of financial reports and accounting

The availability of comprehensive preliminary results has led to a tendency to pay little attention to the final, audited annual accounts a few weeks later. Often, vital clues to a company's subsequent problems can be found in the notes to the accounts yet these receive only cursory scru-

tiny. Individual investors. Recent surveys of private shareholders have shown that few have any faith in the quality of information published in accounts. Yet an equally small proportion appears to understand the details that they contain or to spend time studying the most important parts of the accounts, such as the notes.

Large numbers of investors have elected to receive the grossly insufficient information which is contained in the summary financial statements companies are now allowed to circulate in place of full accounts. Does this really provide a satisfactory basis

FINANCIAL TIMES FRIDAY JANUARY 8 1993

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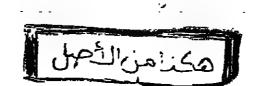
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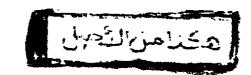
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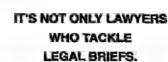
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Reporting directly to the Financial Controller, you'll provide information and analysis to help facilitate change. Towards enhanced customer service, And

providing meaningful management information which will support decision-making across the entire organisation. And you'll be involved in a broad range

in raturn for these skills we're offering generous for public expenditure, to costing strategic projects. Meadless to say, in this senior role within our benefits including an excellent relocation package and management learn you'll need the priceless ability to cut through numbers and make them talk. That's why we're looking for a creative thinker with strong ressoning skills. An ACA qualified accountant, with at least 3 years' post qualification expenence you'll have a track record of successfully managing small teams and ideally be used to working with computers and Oracle Financial. Most importantly, you'll have an unaviervino commitment to quality and customer

service. Because it's on these principles that our future

We aim to be an equal opportunity employer and applications from ethnic minorities and people with

based appointment, please call Lynds or Paula In our Personnel and Training Department on 071-405 4333 (extension 301 or 299). Closing data for telephone enquiries is 14th January 1983 and for returned applications 20th January 1993.

### **FINANCE MANAGER**

#### **Berks/Hants Borders**

up to £35,000 + benefits

maintained.

This prestigious international business. engaged in the breeding, training and racing of thoroughbred bloodstock. continues to reap the benefits of a dynamic long term investment programme as it expands further into new overseas markets. Operating from a UK base in rural surroundings, it has a truly international focus on operations in the US, Ireland and Continental Europe. To meet the continuing growth plans, the Finance Director's role has become more strategic, thereby providing an opportunity for a No. 2 to fulfil the day-to-day hands-on financial requirements of the business.

Working closely with the Finance Director, you will be expected to make a significant contribution to increasing the effectiveness of the finance function through improving income and reducing costs, introducing new ways of presenting meaningful financial information to senior management

and ensuring stringent financial controls are

Ideally aged in your early 30's, you should be a qualifed accountant with at least four years' PQE in an international environment. Your career to date should have given you exposure to international treasury and taxation, including VAT, and consolidation of overseas accounts. Computer literate. you will also be familiar with Lotus 1-2-3.

An enthusiastic and motivated individual, you will be able to demonstrate considerable tact and diplomacy, combined with an ability to communicate effectively at all levels. Above all, you must be prepared to make the degree of commitment necessary for continued success in this role.

Please send a comprehensive résumé. including current salary details and daytime telephone number, quoting reference 3283/A to Sue Atkinson, Touche Ross Executive Selection, at the address below.

A MANAGEMENT CONSULTANTS

Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000.

### FINANCE DIRECTOR

#### International Trading

London

Package c.£70,000

A £80 million tumover commodity trading group, which combines an excellent record of profitability with a long standing reputation as a leader in its sectors of the market, wishes to strengthen its top management team by the appointment of a Finance Director with the ability to contribute to the commercial success of the business.

The position is a challenging one, involving everything from group strategy and client liaison to tackling everyday accounting problems and managing a small accounts department. As the group is currently replacing its computer systems, there will also be an important contribution to be made both in the implementation programme and in the subsequent process of ensuring that optimum use is made of the new systems in the efficient management of the group.

Essential requirements are an accounting qualification and experience in the international trading of physical goods, ideally gained in a commodity house. Candidates should be team players, whose careers display both stability and genuine progression, and who have the stature and communicative skills to work successfully with senior trading executives.

louche Ross Please send a career résumé, including current remuneration and daytime telephone number. quoting reference 3282, to Graham Perkins, Touche Ross Executive Selection, at the address

MANAGEMENT CONSULTANTS

1st Floor, Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000

### GREENPEACE international

## ANCE MANAGER

Our client, Greenpeace, has established itself at the forefront of the global movement for environmental protection. An international programme of campaigns is administered from the global headquarters in Amsterdam and coordinated through national organisations in countries throughout the world.

The international finance function has a vacancy for an experienced Financial Manager in its team. Reporting to the Finance Director, the specific responsibilities will include:

- Management of the international finance department. Preparation of monthly reports, accounts and forecasts.
- Control and development of management information systems.
- Assistance in the development of financial policy. Analysis of operating variances and control of overhead expenses.

Candidates will either be qualified Accountants or will have extensive practical financial accounting experience. Three years spent in a management position, fluency in written and spoken English, and a strong interest in the not for profit sector are essential

In return, Greenpeace offers the opportunity to make a truly satisfying and significant contribution to the success of a unique organisation. The salary package is comparable to that of similar industries.

Greenpeace seeks to be an equal opportunities employer.

Please apply directly to Ingrid Flannery at Robert Half, Walter House, 418 The Strand, London WCZR OPT, Telephone: 071-836 3545. Alternatively fax your details on 071-836

Amsterdam

London · Birmingham · Windsor Manchester · Bristol · Leeds Southampton · Wolverhampton Brussels · Paris · New York and 52 offices worldwide



#### **Group Financial Director Publishing**

London

c.£60,000 plus car

for an independent company with a wide variety of interests including magazines and books. The role, which will report directly to the Group Managing Director, will carry not only full financial and management accounting responsibility but also for the management information systems. Candidates, aged 30-40 and formally qualified accountants, will be able to offer substantial experience (say ten years) of finance, costing and computer systems. Knowledge of the publishing sector will be a distinct advantage. As a key member of the management team, the person appointed will have a significant role in formulating business strategy and seizing commercial opportunities. Well developed analytical and communication skills should be complemented by an outstanding people management style. The basic salary of c.£50,000 is supported by a profit related bonus and a substantial benefits package including car. Please write in strict confidence, enclosing c.v., to Alan Rundle, Rundle Brownswood Limited, Highway House, 17 London End, Beaconsfield, Bucks. HP9 2HN.

> RUNDLE **BROWNSWOOD** INTERNATIONAL SEARCH AND SELECTION

Our client, a wholly owned subsidiary of a UK multi-national group, employs 160 people and manufactures specialised building products. The company has achieved consistent sale and profit growth over the past decade and has a current turnover of DM 50 million.

#### Financial Controller

Package c. DM 160,000 + car & relocation

Germany - Westphalia

Reporting to the Managing Director, you will be responsible for staff supervision and direction of the financial reporting and management information systems. You will also participate actively in the development of computerised systems throughout the

You will be a qualified accountant with sound technical ability and be highly computer literate. Fluency in German is a prerequisite and you must have strong communication skills. You should also be conversant with current accounting and taxation practices in the UK and Germany. Experience gained in manufacturing or contracting industries would be an advantage.

An attractive remuneration package, including profit related bonus will be offered in the region of IDM 160,000; other benefits will include car, pension scheme and

Confidential Reply Service: Please write with full CV quoting reference M728 on your envelope, listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded directly to our client who will conduct the

Barkers, Barkers House, 93 Broad Street, Birmingham B15 1AU.

**Barkers** 

#### **Publishing**

### **BUSINESS ANALYST**

**Essex/Herts borders** 

c£37,500 + car +bonus

This is a new role and a key appointment in the

build on this success in the future.

continuing development of this highly entrepreneutal,

the last eighteen months has increased funds under

management to over £1 bn, with plans to continue to

As Financial Controller of the life assurance company

financial management, reporting to the Group Finance

role, you will give financial direction to the company,

systems are in place to meet current and future needs.

ensuring that sound financial controls and effective

you will assume responsibility for all aspects of

Director you will be supported by an experienced team, comprising around 30 staff. In this hands-on

market-led insurance Group. Significant growth during

LONDON

Our client, Longman, is one of the world's leading information and education publishing groups and forms a significant part of the information and entertainments interests of Pearson plc. The group is continuing to develop throughout its UK and international markets.

Providing a financial analysis service to senior management of two major publishing divisions, the Business Analyst will appraise business performance and contribute to its enhancement. Reporting to the UK Finance Director, he or she will additionally review new business opportunities, including acquisitions, joint ventures and projects. Based in Harlow, the Analyst's high profile within the group should lead to promotion opportunities in either financial or commercial management.

Likely to be around 30, applicants should be commercially aware graduate accountants with proven analytical experience and excellent communication and pc skills.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/56/F.

the life assurance sector. You will require well

committed management team.

developed man management skills combined with the

Please send full personal and career details, including

current remuneration and daytime telephone number,

EC4A 3JB, quoting reference AS962 on both envelope

in confidence to Ann Shepherd, Coopers & Lybrand

Executive Resourcing Ltd, 76 Shoe Lane, Landon

ability to work with a demanding and exceptionally

c £45,000 + PACKAGE

## **Finance Director**

NORTH EAST BASED

The Sage Group plc, is a leading supplier of accounting software and computer forms with five operating subsidiaries in the UK, France and the USA.

The internal promotion resulting from the continued growth of the Group has created a challenging opportunity for a new Finance Director designate. Initially, the successful candidate will join the board of the principal UK subsidiary, but with overall responsibility for Group accounting and monitoring of subsidiary company performance.

The Finance Director is expected to play a key role in acquisitions, strategic planning, developing Group accounting control systems and relations with city institutions. He or she will be an important member of the top management team and will have every opportunity to influence the growth and

To succeed in this role, you will be a Chartered Accountant with demonstrable experience in a highly dynamic business environment; good inter-personal skills are a must in order to fit in with a highly motivated team and provide strong leadership to subsidiary company Finance Officers. Experience in a public company finance environment is highly desirable.

The highly attractive salary package reflects the importance we attach to this post. To apply, please send your full c.v. to:

Alison Brown, Human Resources Manager, The Sage Group plc, Sage House, Benton Park Road,

Newcastle upon Tyne NE7 7LZ. Closing date for applications 15th January 1993

#### A qualified accountant, aged 35-45, you should possess broad based financial skills and previous

## VERNONS POOLS

#### FINANCIAL CONTROLLER

c£30.000 + Car + Benefits

Vernons Pools, with an annual turnover of £160m and a client base exceeding 2 million per week is seeking to strengthen its management team in the critical area of Financial Control.

Naturally, in a business of this nature financial disciplines have to be even more stringent than normal, and this key role in the Vernons Organisation will provide rewarding new challenges for an ambitious Accountant.

Reporting to the Finance Director, you will have overall day-to-day control of the accounts departments responsibility for its efficient operation and all reporting functions, and for the preparation of statutory

A qualified Accountant, you should have had at least five years experience in a senior role within a commercial operation, first-class communication skills and a thorough knowledge of taxation matters. The position will provide excellent opportunity to develop in a growing business environment and a highly

To apply, please send a detailed CV to Jane Goldsmith, Dial Consultancy Services, 2 Dial Street, Warrington WA1 2NX. Tel: 0925 232974. Fax: 0925 232975.

A Ladbroke Group Company

### **Group Finance Director**

West Midlands

**Executive Package** 

Elifencial Controller

Our client, Triplex Lloyd pic is an industrial engineering Group serving the automotive, power, construction and engineering markets of Europe and North America. It is a dynamic and innovative organisation with a strong growth record. Annual turnover has increased from £27 million in 1985, to approximately £160 million at

The company wishes to appoint a Group Finance Director to replace the recent incumbent, who took up the role of Group Managing Director on 1 January 1993.

Reporting to the Group Menaging Director, the successful candidate will assume full responsibility for the financial management of the Group and will assist in ensuring effective deployment of its financial staff. Specific duties will include responsibility for the preparation of the Group's budget and cash torecasts, ansuring effective budgetary control and sound treasury management and liaising with the audit committee and external auditors to ensure that statutory requirements are satisfied. In addition, the successful candidate will work closely with Divisional Finance Directors and the Group Financial Controller to provide relevant financial analysis to the Board. The Group Finance Director will be expected to be the principal point of contact with the Group's bankers and auditors

and will assist the Chairman and Group Managing Director in the development of investor relations This demanding role requires a professionally

competent individual with exceptional personal qualities and added "value". It is important that the Group Finance Director is a strong team player since he/she will be working with a number of highly motivated colleagues. Commitment, enthusiasm and an assertive and confident personality are the essential characteristics for success in this position. It is essential that the appointee is a chartered accountant who has group financial control experience, ideally gained over several years in an industrial based Group Our client is offering an excellent remuneration package which is designed to altract, retain and reward.

Interested applicants please write, quoting reference B/407/33, with full career and salary details, to Steven

KPMG Executive Selection Peat House, 2 Comwall Street, Birmingham B3 2DL,

#### Finance/ Administration Controller, Europe

CONSULTANCY

Household And **Educational Products** 

M4 Corridor

Plus Car And Benefits

£40,000 - £45,000

First established in the UK 4 years ago, this US company's European business has grown dramatically. It now has operations in the Benelux countries, Germany, Switzerland and the UK and will open later this year in Italy and Spain. With a third of sales now deriving outside the UK, the company's current turnover of £30m is set to increase considerably as the potential of non-UK operations is realised.
This new and broad-ranging post, part of the

International Holding Board, reports to the Managing Director for Europe with a dotted line to the Chief Financial Officer in the US. Centering around financial control, responsibilities extend to the management of international tax issues, the evolution of D.P. systems and full involvement in the establishment of new operations. A key element will be effective communication both to local Finance Managers in each country and to the US Financial

The position calls for a qualified CA/CMA in their mid-30's plus with a solid background in international financial control, preferably within a service oriented manufacturing or trading company environment. Additionally, familiarity with US accounting standards and procedures and fluency in at least one other European language are highly desirable. A flexible management style and ease in a multi-cultural business context will be essential to success and

Male or female candidates should submit in Confidence a comprehensive c.v. to:
Mr Sleven Nicholson, Hoggett Bowers plc,
5 Landon Bridge Street, LONDON, SEI 95G,
UK, +44 (0)71 403 7000, Fax: +44 (0)71 403 3773,

## Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and representation throughout EUROPE

#### FINANCIAL DIRECTOR

A major group located in the North of Fingland with a namover in excess of ESOM is seeking a Qualified Group ! to be responsible for the financial control of the group, reporting directly to the Chairman. sists of a number of subsidiary companies, each with its own managerial control, including Managing Direct Accountant. The Financial Director will be appointed to the main board after a period of time.

He will have a strong hands-on approach and be responsible for co-ordinates activities of the various company accountants. The above position, in a successful but demanding company, carries an attractive salary and benefit package. Assistance to re-

locate will be provided where appropriate. Applications with a detailed C.V. should be forwarded to: Box A668, Financial Times, One Southwork Bridge, London SE 1 9HL

#### LESOTHO HIGHLANDS DEVELOPMENT **AUTHORITY**

CHIEF INTERNAL AUDITOR

The Lesotho Highlands Water Project is one of the world's major purpose water supply and hydro projects. Construction of Phase IA neaced in 1987 and is scheduled for completion in 197. Preparations ow commencing for Phase IB of the Project. The Project will are now commencing for Phase 118 of the Project. The Fragict, we ultimately provide approximately 40% of the water supply requirements the PWV area of South Africa and make Lesotho essentially self sufficients.

The Lesotho Highlands Development Authority was established by the Government of the Kingdom of Lesotho in 1986 to implement, operate and maintain the proportions of the project which are located in Lesotho.

Reporting to the Authority's Chief Executive, the Chief Internal Anditor will be responsible mainly for the following:

To establish by means of internal and to advise upon potential implications couplies with relevant requirements. rolles with relevant requirements, cedures and objectives, and to

To develop a comprehensive, practical programme of internal audit

practical programme of internal audit in respect of all functions of the

function maintains its independence as through its organisational status and the objectivity of its staff.

To fiaise with Authority's External Auditors that so far as practical that and may be mutually investigations as directed by the Chief The Applicant should be a Qualified Accountant or Certified Internal Auditor both with not less than seven years post graduate experience including internal auditing at a senior level, and construction industry/civil engineering project experience.

The Chief Executive, Lesotho Development Authority, P.O. Box 7332, Maseru, Lesotho, Phone (266) 311282 Fax (266) 310060

Product Controller (Manager) £30-£35k+car+m. subs+bonus

e bank req a qual ACA with min of 2 yrs exp working in a capita ent who is Camiliar with the conoptions and bonds. You will be supervising 8 staff in mgt reporting, p a/c and risk mgt. O/S travelling and trader liaison is expected. Contact Kenneth Kean of City Financial Ltd (Rec Cons)

Tel Nos. 071 628 6663/0831 679188

BESSELAAR

#### Opportunities for young qualifieds in developing specialist services business

Maidenhead and Leeds

GH Busselaar Associates is a world leading services business whose activities encompass all phases of clinical testing and the development of new drugs. An important specialist division of Corning Inc, Besselaar's operations have grown significantly in recent years.

The European management is centred at Maidenhead and the Financial Controller is seeking a young CA to work with him developing accounting and reporting within Europe. Experience of international businesses and of networked systems will be a definite advantage. Language skills will also be useful as there will be regular travelling

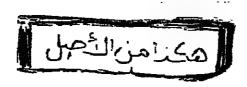
Besselaar's clinical research unit at Leeds is the leading residential testing unit in Europe. Its revenues exceed £5m per annum and a young qualified accountant is required to join the management team at this key profit centre. Although liming with Maidenhead and other parts of the Group, this role has local autonomy and makes an important contribution to the effective running of the business.

Attractive salaries, complemented by a first class package, are on offer for both appointments. Whilst specialised, Besselaar is a strongly led commercial business with a deservedly high reputation with the pharmaceutical majors. These appointments reflect Besselaar's success in Europe and Corning's strong commitment to further growth.

To apply, please write, enclosing a CV, to Mike Smith, MS Selection, Woodhurst, Coldharbour Lane, Pyrford, Woking GU22 8SL. Interviews for the Leeds role will be

### MS selection -

Appointments Advertising appears every Wednesday & Thursday (UK) and Friday (Int'l only)





COMPUTER

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91

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CONCURRENT COMPUTER CORPORATION IS A WORLD LEADER IN THE MAINLEACTURE AND SUPPLY OF COMPUTER SYSTEMS FOR REAL TIME APPLICATIONS. ESTABLISHED FOR OVER 25 YEARS THEY NOW OPERATE SEVENTEEN SUBSIDIARY COMPANIES WORLDWIDE WITH THE GLOBAL HEADQUARTERS BASED IN THE UNITED STATES. WITH A DIVERSE CLIENT BASE THAT RANGES FROM AEROSPACE TO PHANCIAL INSTITUTIONS TO HEALTHCARE THEY ARE WELL POISED TO CONTINUE BUILDING ON THEIR SUCCESSFUL RECORD TO DATE.

AS A RESULT OF A RECENT RESTRUCTURING PROGRAMME THEY ARE NOW SEEKING A HIGH CALIBRE INDIVIDUAL TO WORK AS THE EUROPEAN FINANCIAL ANALYST. REPORTING DIRECTLY TO THE EUROPEAN FRANCE DIRECTOR THE POSITION WILL BE BASED IN BERKSHIRE AND WILL REQUIRE EXTENSIVE TRAVEL TO EUROPEAN SISTER

THE ROLE IS HIGH PROFILE AND WILL PROVIDE AN EXCELLENT CHALLENGE TO A COMMERCIALLY AWARE QUALIFIED ACCOUNTANT WITH AT LEAST TWO YEARS POST qualification experience in a management or operational position. The SUCCESSFUL APPLICANT WILL BE A HIGHLY CONFIDENT INDIVIDUAL WITH A DIPLOMATIC APPROACH AS THERE WILL BE EXTENSIVE LIAISON AT SENIOR MANAGEMENT LEVEL. HIS/HER CAPACITY FOR PROBLEM SOLVING AND ABILITY TO PRODUCE ACCURATE AND MEANINGFUL FINANCIAL INFORMATION WILL BE TESTED TO THE FULL. IT IS ESSENTIAL THAT THE SUCCESSFUL APPLICANT BE COMPUTER literate and fluency in one or more European Languages would also be ADVANTAGEOUS. REF. DW/33/93

INTERESTED APPLICANTS WHO FEEL THEY POSSESS THE QUALITIES REQUIRED SHOULD TELEPHONE DOMINIC WADE ON 0734 560600 (Fax 0734 583120) OR ALTERNATIVELY WRITE ENCLOSING A DETAILED CV TO: WADE MACDONALD LTD, FINANCIAL RECRUITMENT SPECIALISTS. 22 Cross Street, Reading, Beakshire RG1 1SN.



Construction Industry - Management Accountant

The Ringway Group is a diverse highway maintenance and read traffic sign manufacturing group operating throughout England, and recent acquisitions have created the requirement for a qualified accountant to join the management team based at the Group's head office in Horsham, West Sussex. The position will report to the Group Finance Director but will require considerable involvement with the operating management within the group to ensure the accurate and timely preparation of management information. It is envisaged that considerable travel will be involved.

The successful candidate will have experience of the Construction Industry, be computer literate, self motivated and have the ability to liaise with employees at all levels within the organisation. The preferred age range for the position is 25-35 and an attractive remuneration package will be negotiated with the the successful candidate.

Please reply to: Roger Pennock, Group Finance Director, Ringway Limited, Ringway House, 72 Brighton Road, Horsham, West Sussex RH13 5BU.

### **Financial Director**

#### **Brewery Company**

The present Financial Director of Samuel Smith is retiring in the Spring and we are seeking to recruit his successor.

The ideal candidate will be a Chartered Accountant aged between 35 and 45, with proven managerial skills.

In addition to the financial function the Financial Director's responsibilities include office administration and services and the post offers not only challenge

A competitive remuneration package is offered.

Please write giving sufficient brief details to justify an interview to Sir Bryan Askew, The Old Brewery, Tadcaster, North Yorkshire, LS24 9SB

#### **Financial Director** BOURNEMOUTH

Melson Wingate is a long established retail optical company with over 50 branches which are serviced by its own factory. The group turnover is about £11m and we have a reputation for professionalism and product excellence.

We have a need for a Financial Director, aged between 30 and 50, who will not only head up the accounting function but also provide the Company with the expertise to develop the information and accounting systems necessary to provide speedy relevant information about all aspects of our current activities.

The qualified accountant appointed should be able to combine professional hands on accounting, broad commercial acumen and conceptual strategic thinking. A full understanding of and experience in a retail environment is essential. We look for someone who is decisive, articulate, self-confident and who will contribute fully at board meetings.

The comprehensive remuneration package includes a basic salary, a profit related bonus, excellent health and pension benefits together worth in excess of £40,000. A company car will

Please apply in writing enclosing a full CV and stating current solory to: Nigel Wingate, Melson Wingate Ltd, 31 Abbott Road, BOURNEMOUTH BH9 1EZ.



#### COMMERCIAL DIRECTOR PRINTING

We are a successful general printing and plastic card manufacturer, looking for a director to fulfil a key role in our expansion plans. Responsibilities will include finance, purchasing, production planning, scheduling, personnel and legal affairs. In addition the director will be expected to contribute to the development of the group's commercial strategy.

Candidates must have relevant experience at a senior level, preferably within the printing industry, coupled with a business or technical qualification.

As part of a growing publicly quoted company we can offer an attractive remuneration package which should prove of interest to an ambitious professional.

Applications please to:

Max Scott, Managing Director Hythe Offset Graphic House, Telford Way, Severalls Park, Colchester, Essex CO4 4QP.

#### NEW DEVELOPMENT BUDAPEST Financial Controller

nternational Quick Service Restaurant company with offices in Budapest seeks to engage a financial controller, based in Budapest, to join in the future development of the company and franchise system. Candidate qualifications:

Min Min years qualification plus international accounting ractice experience

English finent, German, Hungarian preferred

Competent knowledge of cash management/cash flow

Computer literate, knowledge of spreadsheet

Please send CV and salary laistory to: Box A667, Financial Times, One Southwark Bridge, London SEL SELL

#### FINANCIAL EXECUTIVE

Experienced Finance Director (FCA, 44) in international service and manufacturing sectors seeks challenge, part time

or full time in dynamic environment

Write to Box A639. Financial Times. One Southwark Bridge, London

SE1 9HL

## Audit Manager

Europe Middle East Latin America

BRUSSELS

£45,000

**PLUS CAR** 

Our client, with worldwide sales in excess of \$22 billion, is a US multinational with a diverse product range spanning middle to high technologies. Each individual business area boasts a history of market leadership.

Due to internal promotion, the need has now arisen to appoint an outstanding individual to join the regional audit team based in Brussels. Activity extends beyond Europe to the Middle East and Latin America and encompasses over 90 manufacturing and distribution units with combined revenues in excess of \$4.5 billion. Reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits as well as assisting in the management of the European regional office including budgeting, training and recruiting.

A graduate Chartered Accountant, probably between 30 and 35 years of age, you must have a minimum of five years' post qualification experience, preferably including some line management exposure. You must be comfortable communicating at the highest management levels, both in English and at least one other European language.

You must be willing to travel (40% content) and be actively interested in pursuing a post-audit career which may not initially be UK based. Promotion will be rapid and the rewards outstanding for those candidates who can combine an international spirit with a highly developed commercial, results-orientated nature.

Interested applicants should write to Rod Bailey endosing a detailed CV at Nicholson International, Search and Selection Consultants, Africa House, 64/78 Kingsway, London WC2B 6AH, quoting reference number 9721 or fax your details on 071-404 8128, or telephone 071-404 S501 for an initial discussion.



#### **KICK Sportswear** Accountant

We are one of the leading companies in the licensed sportswear industry in the UK and are expanding into Europe. Our tumover this year will be in excess of £10m.

We have recently been bought out by a Public American Corporation which is in the same industry in the USA. For this reason we need to make a new appointment.

You will be taking over the complete cuntrol of our small accounts department as well as the total responsibility for all budgeting, reporting and planning functions of the company. We are a go ahead company and need someone not afraid of hard work and a real challenge.

The suitable applicant will have the following attributes:

E Qualified Accounter, **2**3 to 5 years experience with one of the big 6

Mi Good knowledge of PC's ming Tetra #3+ was inharid exertises

ne reply with full details of your experience in the above area ther with full CV to <u>Sarah Donster</u> at: Kick Sportswear, Unit 2, St Georges Ind Est, Kingston Upon Thames KT2 5BQ

#### OECD OCDE

#### PRINCIPAL INTERNAL AUDITOR OECD - PARIS

The Organisation for Economic Co-Operation and Development requires a Principal Internal Auditor to be responsible for assisting the Financial Controller in supervising all financial and budget operations of the Organization, for conducting internal audits and evaluating and advising on controls of computerised systems. Work will be carried out in Paris. The Organisation for Economic Co-Operation and Development

Very good knowledge of computerised accounting and computer-assisted and it techniques; therough maderatuading and experience of all main aspects of data processing, including computer security and controls in

est is offered for an intial period of 3 years. Salary of possession is conven for an income according to experi-allowenous according to family and residence situation.

Applications from male or female candidates, national of OECD Homber countries, with detailed curriculum vitue specifying "Principal Internal Anditor" should be sent to:

75775 Paris Codex 16

Closing date for applications: 15th February 1993

#### **CROSBY SECURITIES** Financial Accountant

Crosby Securities is one of the leading institutional stockbroking specialists in the Asian region. Headquartered in Hong Kong, Crosby now has 12 offices worldwide. It sells Asian equities in Europe through Crosby Securities (UK) Limited, a member of the

Continued growth has created the need for a new appointment in London. Initially, the Financial Accountant will take on responsibility for all accounting, compilance and company secretarial matters for Crosby Securities (UK) Limited. Later, accounting services for the

The successful candidate is likely to be a qualified accountant with experience of the financial services industry. Versatilly, energy and a natural "hands-on" approach will be essential for this position.

Remuneration will be commensurate with experience. inscreeted applicants should submit C.V.'s to:

Crosby Securities (UK) Limited

CROSBY SECURITIES A LEADING FORCE IN ASIAN STOCKBROKING

London WC2B 4JF

TRAINEE

### **FUND MANAGER** CITY

M&G Investment Management Limited manages £9 billion of funds for a variety of clients. It is one of the largest and most successful independent fund managers and is undertaking new initiatives to grow its business. We are currently looking for a Chartered Accountant with one year post qualification experience to join our investment team with the aim of taking responsibility for funds after a period of training.

The ideal candidate will be a graduate with a good academic record and a variety of business experience. Good analytical and communication skills are essential. The successful candidate will be expected to study for the Institute of Investment Management and Research Associate Examinations.

This challenging role will be rewarded by a competitive salary and benefits package. Please write in confidence with your C.V. to Christopher Rew, M&G Investment Management Limited, Three Queys, Tower Hill, London EC3R 6BQ.



#### FINANCIAL CONTROLLER

to £35,000 + Profit Share + Quality Car London

Our Client is a specialist international publisher enjoying sustained growth with an enviable reputation for innovation. This has culminated in market leadership. The future development of the group necessitates the appointment of a Financial Controller to work with the board to ensure the realisation of key commercial

Reporting to the Finance Director, you will assume day to day responsibility for the management of the finance function, paying particular attention to management. reporting, systems development and ensuring that the finance function contributes to the overall success of the business. People motivation is a critical aspect of

ideally, you will be a qualified accountant with a minimum of three years' experience in a medium size group. Committed to line management, a major strength must be the ability to influence non financial managers.

Please reply, in confidence, to Stephen Williams CEDAR International. 15 Bloomsbury Square, London WC1A 2LJ. Telephone 071-831 8383.



### **Commercial Director**

**Brentford** 

circa £35,000 plus car

Our client is a successful, expending PLC with an annual turnover in the region of £100m. The group has interests in several sectors and is currently seeking a Commercial Director for one of its divisions — a well-respected, rapidly growing leader in a specialist sector of the plastic packaging industry. The division, which has recently been re-structured, operates from three sites and has an annual turnover of £12m. A new and enthusiastic management team is being put in place in anticipation

This broad, newly created role will be pivotal in the continued success and commercial development of the division. Reporting to the Managing Director, you will be responsible for 10 steff in the finance and planning functions. You will be involved in negotiations and decision-making, bringing commercial breadth to the areas under

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#### COMMODITIES AND AGRICULTURE

## farm loan losses'

TWO US agricultural loan guarantee programmes are fac-ing losses amounting to bilons of dollars having made an increasing number of high-risk loans, often for foreign policy purposes, according to a new US government report.

The General Accounting Office, the investigative arm of Congress, says \$40.9bn in guarantees have been issued since the short and medium term credit programmes were launched in 1981 to expand US farm exports. However, there is no clear evidence that the financing actually increased sales of US commodities, the investi-

gators say.
Although the US government has so far only had to pay out \$3.6bn to banks that made loans to US customers, the GAO calculates the cumulative costs of the programme at about \$6.5bn. It estimates that the programmes' costs will increase by about \$74m a year. The critical report puts the the GAO said.

jeopardy. The new Clinton administration will be looking hard for budget cuts. Agricul-ture subsidies are often cited as a possibility, and a costly programme which cannot prove to be productive offers a perfect target.

The GAO makes clear that the loan programme has been given virtually impossible objectives by Congress and used by the Reagan and Bush administrations for foreign policy purposes.

In the 1985 Farm Bill the US Department of Agriculture was ordered to authorise "not less credit guarantees". It set \$500m as the floor for the mediumterm scheme. Another \$1bn was allocated for "emerging

"Principal recipients of guarantees have often been countries in which the US has had significant foreign in policy interests, such as Mexico. South Korea, Iraq, and the former Soviet Union and Russia,"

## 'US faces \$6.5bn Falkands squid fears cloud Hurd's Argentine visit

By John Barham in Buenos Aires

THE ACRIMONIOUS dispute over fishing around the Falk-land Islands loomed large as Mr Douglas Hurd, Britain's foreign secretary, made a five-day visit to Argentina this week, the first by a senior UK politician since the Falklands war. Despite defeat in the 1982 conflict, Argentina never surrendered its claim to the islands, Today, it is continuing the struggle through economic warfare, rather than force of arms. Just before Christmas. after fishing talks with Britain, Argentina said it would start

own, breaking the islands' lucrative fishing monopoly. The Falklands began issuing licences in 1987, mainly to squid-fishing ships from Japan, South Korea and Taiwan. After knowing only hardship and

stopping exploration and post-

poning projects in a way that

is storing up trouble for the

But, as the table alongside

proclaims, most analysts

believe there will be no sub-

stantiai rebound in 1993.

Prices will remain soggy

unless there is a significant

upturn in the world economy."

uggesta Mr Phillip Crowson

chief economist at RTZ, the world's biggest mining com-

pany. He does not believe base

metal prices will fall much fur-

ther but "they won't improve

He adds: "In important areas

such as construction and auto-

mobile production and many

capital goods sectors, activity

will remain below the peaks of

the late 1980s even as we go

More production cuts by alu-

minium, nickel, lead and zinc producers are needed if prices

are to show a short-term recov-

ery, he says.

Mr Crowson is not alone in

this belief. LME prices have been on a rising trend in the

last weeks of 1992 and the first

days of the new year but this is

not good news for the industry,

according to Mr Neil Buxton at

the Metal Bulletin Research

consultancy organisation. "It

ODGOA - Landon FOX

Close

Previous High/Low

until well into 1993".

into 1994".

selling fishing licences of its

year in licence fees, making them some of the wealthiest people on earth.

The illex squid, prized by gourmets in the Far East, is the the South Atlantic's most lucrative species. Already, Argentina has attracted most of the Falklands' best customers by offering 45 cut-price, three year licences, valid for an extended fishing season. Mr John Barton, the Falklands' director of fisheries,

says "the impact is pretty dramatic". Last year, he sold between 140 and 150 licences, half of them to Japanese ves sels. But Argentina has sold all its licences to Japanese ships that used to fish in Falklands

The islanders always knew that Argentina would eventually break their monopoly. The only surprise was the time it

austerity, the islanders were took. For years after the war, soon taking in over £20m a Argentina would not even Argentina would not even negotiate with Britain. In any case, nationalistic laws banned foreigners from fishing in its waters, even though the small local industry showed little interest in the South Atlantic.

All this changed with the resumption of diplomatic relations in 1990. Argentina recognised the Falklands' fishery conservation zones and the two sides started swapping data and controlling illegal fishing. Last October, Argentina changed its laws to allow foreign ships into its waters, as required under a US\$1bn fivevear fishing agreement with the European Community.

From there it was only a short step to selling squid licences, which had the attractions of depriving the islands of revenue and boosting Argentina's coffers. Mr Guido di Tella, Argentina's Foreign Minister, says: "The honanza is over. The islanders can look back to the past wistfully, but the future will be different".

He says Argentina will press its rights to the full in future negotiations over a medium and long term fishery arrangement. If the talks become deadlocked, he will appeal to inter-national arbitration, which he says will favour Argentina.

Mr Barton fears Argentina could allow overfishing in its waters to cut the islands' income instead of co-operating to conserve the illex. "I am not terribly optimistic," he says. "If everyone was working on a conservation basis, it would be relatively straightforward to ensure long-term sustainability." But he says Argentina's political stance makes "it very difficult to see eye to eye on very simple things". Mr Hurd underlined the Falklanders

fears this week and warned

burg, points out. Using World

Bureau of Metal Statistics fig-

ures, he calculates, for exam-

ple, that in 1991 the US

accounted for 27.7 per cent of

western world aluminium con-

sumption compared with 25.4

per cent for Germany and

Japan combined; 23,9 per cent

of copper consumption against 29.1 per cent; 28.8 per cent of

lead consumption against 19.2

per cent; 18.7 per cent of nickel

consumption against 38 per

cent; 20.5 per cent of tin con-

sumption against 29.9 per cent;

and 17.1 per cent of zinc con-

sumption against 25.4 per cent.

ium, copper and nickel to the

west grew at a frightening

Argentina against using the illex as a "political toy".

British officials doubt, more over, that Argentina can police its waters or monitor stocks adequately. The illex has a one-year life cycle, so overfishing could wipe it out

Mr Barton says the Falklands have an outstanding record on conservation. He has restricted licence sales to prevent overfishing - and to avoid glutting the squid market, which would eventually lower the Falklands' licence revenues. He Barton even hints that a "squid war" could be in the offing. "We will have to look at how to make things more attractive for ships to fish in the Falklands," he says. But we see no long term win-ners. If we take the moral high ground, Argentina could devastate the resource and we would

not even see any revenue."

But Argentine diplomats dis-miss the Falklands' conservation policies. One official accused them of "depredation" and presenting "data that is just not serious". He said Argentina was just taking its fair share of a common

The claims and counterclaims are part of the cut and thrust of negotiations and the Argentines are bound to use the squid dispute to press for compromises over issues like oil exploration. Argentina's ultimate objective is to negotiate the islands' sovereignty which London refuses even to discuss. Argentina says it wants to "recover" the Falklands by winning over the islanders' hearts and minds. But hatred of the Argentines runs deep and Argentina's squid strategy will do nothing to persuade the islanders of its good intentions.

### Metal producers braced for another tough year

Most analysts believe there will be no substantial rebound in prices in 1993, writes Kenneth Gooding

#### Chile squeezes copper company's budget

By Leslie Crawford in

CODELCO, THE Chilean state copper company, is scaling down its investment programme for 1993 after receiving a much smaller budget from the treasury than it had

The world's biggest copper producer had asked for \$610m this year to develop new mines, expand production at its existing divisions and clean up the environmental mess caused by its old-fashioned amelters. But the treasury has assigned Codelco an investment budget of only \$450m. Mr Alejandro Hales, the Chil-

warned that the pace of certain projects might have to be slowed down. "It is our hope that the Treasury will release additional funds later this

camata open-pit mine in the

need \$450m to put Tomic into production. It is expected to be a medium-sized operation with an annual output of 150,000 tonnes of refined copper.

#### Oil traders ignore tension

By Deborah Hargreaves

WORLD OIL prices were barely changed yesterday in spite of renewed tension in the Middle East, which would usually make traders nervous and push the market up.

North Sea Brent crude oil for February delivery edged up tentatively to close 10 cents higher at \$18.85 a barrel after Iraq rejected an ultimatum by the US to remove missiles from a "no-fly" zone in the south of the country. Kuwait had also reported a clash on the

Kuwait-Iraq border on Tues-The oil market traditionally reacts immediately and very positively to any reports of traders do not at the moment perceive any serious threat to

has remained depres nomic activity has failed to

punishing year. Among the metals traded on the London Metal Exchange only copper is priced at a level that gives efficient producers a reasonable ean Mining Minister, said the budget was insufficient. He return. For the rest, prices are not high enough for producers to survive in the long term. They are cutting investment,

year," he said. Codeico's slim budget places question mark over its key development project: the Radomiro Tomic copper deposit close to the Chuqui-

Codelco executives say they

The market is still working off huge stocks of oil products which were built up in October and November. In spite of cold weather in Europe, demand are bracing themthe production cuts needed to reduce stocks and raise prices," he points out.

are bracing the selves for another Stocks of aluminium, lead, nickel and zinc in LME warehouses are at record levels and those of copper and tin are uncomfortably high. Demand for metals will not increase enough to cut stocks apprecia bly, Mr Buxton suggests, and it is also unlikely that the flood of metal from the Commonwealth of Independent States which is creating havoc in western metals markets, will

ease in 1993. These comments are echoed by Mr Thomas Baack, chief economist for Germany's Metallgesellschaft mining and metals group. "The underlying situation of the non-ferrous metals markets hardly changed at all in the course of 1992 and in all probability will not do so in 1993 either," he

"Production and consumption in the western world are stagnating or growing at an equal rate. However, the imbalance caused by east-west trade persists and at this moment there are no prospects of improvement in this respect." Most metals market forecasters subscribe to the view held

by the 24-nation Organisation Economic Co-operation and Development, which is forecasting only a very weak recovery in 1993. The OECD's central projection is that economic growth in 1993 will be about 1.9 per cent, a substantially lower figure than the 3 per cent it was forecasting six months ago. Growth last year is estimated to have been a

C/tonne

(US cents a lb for base metals, US dollars a troy ounce for precious metals) Platinum Tin Aluminium Copper Lead Billiton-Enthoyen Metals James Capel Carr Kitzatt & Attken 4,00 n/a 4,00 3,70 n/a 1,00 4,05 4,10 Credit Lyonnais Laing Exxonmial Intelligence Unit Lehman Brothers Merrill Lynch Metal Bulletin Re Ord Minnet mith New Court

ANALYSTS' FORECASTS FOR AVERAGE PRICES IN 1992

First six months only. Source for 1992 actual averages; 8.6. Werburg

When growth is as low as this in the OECD countries, there is a strong chance that growth in manufacturing output will be lower still. As the Economist Intelligence Unit comments in its latest World Commodity Forecasts: "Even allowing for a higher rate of growth among the less devel-oped countries, world manufac-

S.G. Warburg

1999 Actual

lowly 1.5 per cent.

increase in world consumption of metals very doubtful". The only good news in the OECD forecast is that the US economy - the most important in the world for metals consumption - is picking up at a slightly more rapid pace than previously expected. But this is being offset by the bigger-than-forecast fall in Germany and the slowing of

the mining team at S.G. War-

1200.5 1227/1215

1570/1546

AM Of

1**200-0.5** 1**222.5-3** 

WORLD COMMODITIES PRICES

, 88.7% purity (5 per tonne)

1208.5-10.5 1231-3

1828-8 1845-8

1194.5-6.5 1217-8

Copper, Grade A (C per torme)

Cash: 1530-1 3 months 1547.5-8

Lead (2 per tonne)

turing output may well rise

slowly enough to make any

will be no easing of the pressures arising from the sudden swing in east-west metals trade seen since 1990. Import demand for lead, tin growth in Japan. "Together and sinc in the former eastern se are even more important bloc countries dried up while metal consumers than the US." the region's exports of alumin-Mr Evan Worthington, head of

(Prices supplied by Amaigameted Metal Trading)

tal Kerb close Open Interest

Total dally turnover 36,671 lots

Total daily lumover 60.361 lots

otal daily turnover 11,204 lots

144,638 lots

rate. Much of the extra exported metal ended up in highly-visible LME stocks and were the main factor in the collarse of base metals prices Metal consumption in the former eastern bloc is unlikely

to pick up substantially this year but there is still the possi-bility that in some of the CIS countries chaotic conditions. lack of raw materials and/or energy and transport disruptions - as well as a deeply-entrenched bureaucracy - will severaly curtail metal exports. There are still some analysts

who believe the gloom is being overdone. Mr Nick Moore at Ord Minnett, part of the Westpec banking group, says, for example: "Sure, the average metal prices for 1998 will be little different than those for 1992. But prices will start from a low base and rise steadily to close this year significantly higher. I expect that, against a backdrop of a steadily improv-

HEATING Oil. 42,000 US galls, cents/US galls

prices will improve in each successive quarter."
RTZ's Mr Crowson also 188 11

points out that LME prices might also confound the fundamentally poor outlook by rising because of special factors such as "heavy Chinese buying, investment funds returning to the LME if the US economy shows a stronger-thanexpected recovery, or simple aggressive price speculation".

Zinc and tin were the only LME-traded metals to end last year with a higher average prices than for 1991, the former mainly because it was buoyed up by an options-related squeeze for much of 1992. Also last year some heavyweight financial institutions started to invest in commodities for the first time for ten to 15 years to diversify their portfolios and, as Mr Crowson points out "given the [relatively small] size of the metals markets. only a small shift in fund investment pushes prices sub-

Chicago

#### MARKET REPORT

This week's slide in ALUMINIUM prices on the London Metal Exchange continued yesterday. with the three months delivery contract failing another \$14,50 to \$1,217.50 a tonne. Dealers said US selling had prompted a renewed test of support at \$1,215 a tonne. NICKEL prices also added to Wednesday's decline as profit-taking following recent strength continued to undermine the market. The three months price closed at \$6,247.50 a tonne, down \$50 on the day, but steadied a little in after hours trading. COPPER prices reached three-month dollar

#### London Markets

Crude off (per barrel FOB)(	Feb)	+ or
Dubai	\$15,75-5,80	+.125
Brent Blend (dated)	\$17,50-7,58	+0.10
Brent Blend (Feb)	\$17.80-7.85	+ 0.10
W.TI (1 pm est)	\$19.15-0.20	+0.20
Oli products		
INWE prompt delivery per	tonne CIF	+ 01
Premium Gasoline	\$166-167	-1
Gas Off	\$176-178	
Hoavy Fuel Oil	\$72-73	+0.5
Naphtha	\$180-161	+2
Petroleum Argus Estimales	í	
Other		+ or -
Gold (per troy oz)	\$329.15	-0.20
Silver (per troy oz)	369.5c	-2.0
Platinum (per troy oz)	\$359.9	+ 0.9
Palladium (per troy oz)	\$113.05	+ 1.8
Copper (US Producer)	109.5c	
Lead (US Producer)	33.5c	
On (Kuala Lumpur market)	15.25r	40.00
fin (New York)	276.0c	-1.5
Onc (US Prime Western)	62.0c	
Cattle (live weight)	116.63p	+1.74
Sheep (live weight)†	89,790	+6.69*
Pigs (live weight)t	83.29p	-4.881
ondon daily sugar (raw)	\$207.0w	+ 1.0
ondon daily suger (white)		+4.2
Tate and Lyle export price	1243.0	+ 1.0
Barley (English food)	£134.0	
Maiza (US No. 3 yellow)	F161.0	
Vheat (US Dark Northern)	Unq	
Rubber (Feb)♥ Rubber (Mar)♥	63.25p	
	63.75p	
lubber (KL RSS No 1 Jan)		-0.5
Coconut oil (Philippines)§	\$400.0y	+ 10.0
am on (Malaysian); Opra (Philippines)§	S290	+5.0 -5.0
iovabeans (US)	£172.5	+ 1.5
otton "A" index	55.95c	-0.20
Yoollops (64s Super)	3995	

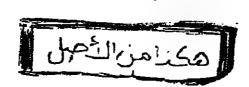
highs early in the day but ended only marginally higher following hedge selling and profit-taking in the afternoon. The three months price reached \$2,392 a tonne before ending at \$2,355 a tonne, up \$5. Dealers said expectations of further declines in LME warehouse stocks and continued Chinese buying helped to hold the market above \$2,500. COFFEE prices rallied following their recent slump, aided by profit-taking on short positions. The London robusts March futures prices closed \$14 Compiled from Reuters

Mar May	Cions	Previous	High/Low	
			9	
May	183.00	185.00	182.00	
	163.00	183.60	183.00	
W/h/hs	Ciono	Previous	High/Low	
Иш	247.30	248.00	248.50 246.00	
May	248.50	240.00	249.00 247.00	
Aug Oot	253.80 241.00	254.50 242.00	253.80 253.50 241.80 241.40	
Mar 13	91.28 May	1416.56	te (FFr per ten	
CHUOL	OIL - A		S/I	ba
	Library	ST PRINT	us High/Low	
_				_
Feb	17.6		17.88 17.7	
Mar	17.80	17,91	18.02 17.10	5
Mar Apt	17.90 18.07	17,91 7 18,01	18.12 17.1 18.12 17.9	2
Mar Apr May	17.90 18.07 18.08	17,91 7 18,01 3 18,11	18.12 17.8 18.15 17.9	2
Mar Apr May Jun IPE Ind	17.90 18.07 18.08 18.19	7 18.01 7 18.01 3 18.11 9 18.20 3 17.83	18.12 17.1 18.12 17.9	5 2 9
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Sep	731	727	734 728
Dec	751	740	753 746
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Sep	818	612	E20 813
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Mar	945	931	947 909
May	926 921	915	BDD 804
Jill B <del>ep</del>	921 935	906 919	920 895 924 905
Nov	832	926	918 912
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Apr Turnow Jan Feb Mar Apr Jul Jes Jes Jes Jes Jes Jes Jes Jes Jes Jes	Close 154.00 151.50 or 50 (30) HT - Los 1200 1225 1245 1310 1310	Previous 152.00 lots of 20 lots of 20 Previous 1277 1256	High/Low 154.00 151.50 tonnes. \$10/tndex poin High/Low 1276 1285 1250 1245 1245 1236 1251 1201 1251 1201 1251 1201 1251 1201
Apr Turnow I-ramon Jan Feb Mar Apr Jul Oct	Close 154.00 151.50 er 50 (30) ET - Les Close 1200 1235 1245 1246 1310	Previous 152.00 lots of 20 lots of 20 Previous 1277 1256	High/Low 154.00 151.50 tonnes. \$10/tndex poin High/Low 1276 1285 1250 1245 1245 1236 1251 1201 1251 1201 1251 1201 1251 1201
Apr Turnow Jan Feb Mar Apr Jul Jes Jes Jes Jes Jes Jes Jes Jes Jes Jes	Close 154.00 151.50 or 50 (30) HT - Los 1200 1225 1245 1310 1310	Previous 152.00 lots of 20 lots of 20 Previous 1277 1256	High/Low 154.00 151.50 tonnes. \$10/tndex poin High/Low 1276 1285 1250 1245 1245 1236 1251 1201 1251 1201 1251 1201 1251 1201
Apr Turnow FREEQI Jan Feb Mar Apr Jut Oct BFI Turnove	Close 154.00 151.50 er 50 (30) er	Previous 152.00 lots of 20 lots of 20 Previous 1277 1286 1565	High/Low 154.00 151.50 Ionnes. \$10/Index pole High/Low 1276 1280 1251 1281 1252 1245 1245 1226 1253 1325 1325 1325
Apr Turnow HREEQI Jan Feb Mar Apr Juri Oct Oct SFI Turnove	Close 154,00 151 50 er 50 (30) RT - Les 1280 1225 1245 1245 1310 1108 er 344 (17	Previous 152.00 lots of 20 lots of 20 Previous 1277 1255 1365 3)	High/Low 154.00 151.50 Ionnes. \$10/Index pole High/Low 1276 1280 1251 1281 1250 1245 1251 1256 1251 1256 1251 1256
Apr Turnow FREDGI Jan Feb Mar Apr Jul Oct Det Turnove	Close 154.00 151.50 er 50 (30) er	Previous 152.00 lots of 20 lots of 20 Previous 1277 1286 1565	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1250 1245 1256 1245 1125 1120 1310 1305
Apr Turnow HRENGI Jan Jan Apr Juri Oct BiFl Turnove	Close 154,00 151 50 er 50 (30) RT - Les 1280 1225 1245 1245 1310 1108 er 344 (17	Previous 152.00 lots of 20 lots of 20 Previous 1277 1255 1365 3)	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1250 1245 1250 1245 1251 120 1310 1305
Apr Turnow FREEGI Jan Feb Mar Apr Jul Oct BFI Turnove	Close 154.00 151.50 er 50 (30) er 50 (30) ET - Less Close 1220 1235 1245 1125 1310 1318 F - Less 1344 (17  Close 134.50 136.50	Previous 152.00 10ts of 20 10ts of 20 Previous 1277 1236 1555 3) 10m POX Previous 134.60 136.25	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1251 1286 1250 1245 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286 1251 1286
Apr Turnowi Jan Feb Asr Jut Oct Jut Oct Turnove Theme May May	Close 154.00 151.57 er 50 (30) HT - Lee 1200 1225 1245 1240 11125 1310 1318 Er 544 (177 8 - Lee 134.60 138.20 138.20	Previous  152.00  10ts of 20  10ts of 20  1277  1255  1355  1360  Previous  134.60 138.05 138.00	High/Low 154.00 151.50 Ionnes.  \$10/Index pols High/Low 1276 1260 1251 1295 1245 1245 1245 1236 1125 1120 F310 1305  E/tonne High/Low 73485 134.60 128.55 126.30 138.45 138.20
Apr Turnow Francis Jan Feb Mar Apr Juli Oct BFI Turnove Turnove Turnove Mary Mary Mary	Close 154,00 151 50 er 50 (30) er 50 (30) er 5 (30) er 5 (30) er 1200 1235 1240 1125 1126 1126 1127 127 127 127 127 127 127 127 127 12	Previous 152.00 lots of 20 lots o	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1281 1285 1285 1286 1285 1286 1285 1285 138 1385 138.45 138.20 138.45 138.20 138.45 138.20
Apr Turnow Jan Feb Kar Kar Jurnove Jurnov Jurnove Jurnove Jurnove Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurn	Close 154,00 151 50 er 50 (30) er 50 (30) El Close 1220 1225 1240 1125 1310 1318 F - Lond Close 134,60 136,30 138,20 100,50 112,75	Previous 152.00 lots of 20 lots o	High/Low 154.00 151.50 100nnes.  \$10/Index pole High/Low 1276 1280 1251 1286 1252 1245 1256 1256 1251 1206 1315 13155 1315 13155 1315 13155 1315 13150 131
Apr Turnow Jan Feb Kar Kar Jurnove Jurnov Jurnove Jurnove Jurnove Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurnov Jurn	Close 154,00 151 50 er 50 (30) er 50 (30) er 5 (30) er 5 (30) er 1200 1235 1240 1125 1126 1126 1127 127 127 127 127 127 127 127 127 12	Previous 152.00 lots of 20 lots o	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1281 1285 1285 1286 1285 1286 1285 1285 138 1385 138.45 138.20 138.45 138.20 138.45 138.20
Apr Turnow Jan Freb Mar Apr Jurnove GRAIN: Silvan May Nov Jean Barley	Close 154,00 151 50 er 50 (30) RT - Les Close 1280 1295 1245 1246 1125 1246 1125 er 344 (17 8 - Lese Close 134,60 136,30 138,20 130,50 112,75 Close 130,00	Previous 152.00 lots of 20 lots o	High/Low 154.00 151.50 Ionnes.  \$10/Index pols High/Low 1276 1260 1251 1295 1245 1245 1245 1245 1245 1251 125 1120 1315 1315 1315 1315 1316 1315 1318 1
Apr Turnow  Jan Jan Feb Rar Apr Jul Oct Oct Turnove  Turnove  Turnove  Turnove  Turnove  Turnove	Close 154,00 151 50 er 50 (30) er 50 (30) er 50 (30) er 7 (20) 1225 1220 1225 1226 1126 1128 er 344 (17: 8 - Lond Close 134,50 138,30	Previous 152.00 lots of 20 lots of 20 Previous 1277 1256 1360 POX Previous 134.60 136.25 136.00 112.60 Previous	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1281 1285 1285 1286 1285 1286 1285 1286 138.45 138.20 138.45 138.20 138.45 138.20 138.45 138.20 138.25 148.50 138.25 148.50 138.25 148.50 138.25 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20
Apr Turnow IFFERIQUE IFFER	Close 154.00 151 57 er 50 (30) HT - Lee 1200 1235 1245 1246 1125 1310 11125 1344 (177 5 - Lee 134.50 136.20 1102.57 Close 130.00 153.00 153.50 150.85	Previous  152.00  10ts of 20  Into of 20	High/Low 154.00 151.50
Jan Feb Agr Apr Jut Oct BFI Turnove  GRAIN: Har May Nov Jan Barley Jan Sov	Close 154.00 151 57 er 50 (30) HT - Lee 1200 1235 1245 1246 1125 1310 11125 1344 (177 5 - Lee 134.50 136.20 1102.57 Close 130.00 153.00 153.50 150.85	Previous  152.00  10ts of 20  Into of 20	High/Low 154.00 151.50
Apr Turnow IFFERIQUE IFFER	Close 154.00 151 57 er 50 (30) HT - Lee 1200 1235 1245 1246 1125 1310 11125 1344 (177 5 - Lee 134.50 136.20 1102.57 Close 130.00 153.00 153.50 150.85	Previous  152.00  10ts of 20  Into of 20	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1281 1285 1285 1286 1285 1286 1285 1286 138.45 138.20 138.45 138.20 138.45 138.20 138.45 138.20 138.25 148.50 138.25 148.50 138.25 148.50 138.25 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20 138.35 138.20
Apr Turnow IFFERIQUE IFFER	Close 154.00 151 57 er 50 (30) HT - Lee 1200 1235 1245 1246 1125 1310 11125 1344 (177 5 - Lee 134.50 136.20 1102.57 Close 130.00 153.00 153.50 150.85	Previous  152.00  10ts of 20  Into of 20	High/Low 154.00 151.50
Apr Turnow FREEDER Jan Feb Mar Feb Mar Jul Oct BFFI Turnove Jul	Close 154.00 151.50 er 50 (30) er 50 (30) er 50 (30) er 1200 1235 1246 1125 1246 1126 11310 11318 er 344 (177 5 - Lead Close 134.50 138.30 138.30 112.75 Close 130.00 133.00 108.85	Previous 152.00 10ts of 20 10ts of 20 10ts of 20 1277 1236 1365 33 10m POX Previous 134.60 136.25 138.00 112.60 129.40 129.40 120 Tonnes	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1281 1285 1285 1245 1285 1285 1285 1285 138.13 1395  Cronne High/Low 138.45 138.20 138.45 138.20 138.45 138.20 138.55 138.30 127.75 High/Low 133.30 129.45 133.30 129.45 133.00 129.45 133.00 129.45 130.85
Apr Turnow FREEDER Jan Feb Mar Feb Mar Jul Oct BFFI Turnove Jul	Close 154.00 151.50 er 50 (30) er 50 (30) er 50 (30) er 1200 1235 1240 1125 1240 1126 1126 1310 8 - Lend Chose 134.50 136.30 136.30 112.75 Close 130.00 108.85 er Wheat er lots of the second on the s	Previous 152.00 10ts of 20 10ts of 20 10ts of 20 1277 1236 1355 3) 10m POX Previous 134.60 136.25 138.00 112.80 Previous 129.10 130.00 112.80 Previous 129.00 120.0	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1251 1285 1250 1245 1251 1255 1255 1245 1355 135.20 136.45 136.20 136.45 136.20 136.55 136.30 137.75 High/Low 138.00 129.45
Apr Turnow FREEDER Jan Feb Mar Feb Mar Jul Oct BFFI Turnove Jul	Close 154.00 151.50 er 50 (30) er 50 (30) er 50 (30) er 1200 1235 1246 1125 1246 1126 11310 11318 er 344 (177 5 - Lead Close 134.50 138.30 138.30 112.75 Close 130.00 133.00 108.85	Previous 152.00 10ts of 20 10ts of 20 10ts of 20 1277 1236 1365 33 10m POX Previous 134.60 136.25 138.00 112.60 129.40 129.40 120 Tonnes	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1251 1286 1290 1245 1295 1245 1295 1245 125 1120 1310 1305  Chonne High/Low 130.00 129.45 133.00 129.45 133.00 129.45 130.00 129.45
Apr Turnow Francia Jan Feb Mar Apr Jul Oct BFI Turnove Turnove Jul Oct BFI Turnove Turnove Jul Oct Jul	Close 154.00 151.57 er 50 (30) RT - Lee Close 1260 1225 1246 1126 1126 1127 5 - Lee 134.60 136.30 13	Previous 152.00 10ts of 20 10ts of 20 10ts of 20 1277 1236 1355 3) 10m POX Previous 134.60 136.25 138.00 112.80 Previous 129.10 130.00 112.80 Previous 129.00 120.0	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1251 1286 1290 1245 1295 1245 1295 1245 125 1120 1310 1305  Chonne High/Low 130.00 129.45 133.00 129.45 133.00 129.45 130.00 129.45
Apr Turnow FREEDER Jan Feb Mar Feb Mar Jul Oct BFFI Turnove Jul	Close 154.00 151.50 er 50 (30) er 50 (30) er 5 (30) er 7 (20) 1225 1220 1225 1226 1126 1128 8 - Lend Close 134.60 136.30 136.30 136.20 100.50 112.75 Close 130.00 108.85 er Wheat er lots of er	Previous 152.00 10ts of 20 10ts of 20 10ts of 20 1277 1236 1387 1238 1388 1388 138.25 138.00 138.25 138.00 112.60 Previous 129.40 132.25 132.10 132.25 132.00 100.00 170.0	High/Low 154.00 151.50 Ionnes.  \$10/Index pole High/Low 1276 1280 1251 1285 1250 1245 1251 1255 1255 1245 1355 135.20 136.45 136.20 136.45 136.20 136.55 136.30 137.75 High/Low 138.00 129.45

momes.	303.5-4.5	306.	9-9	305/303		312-2-25	304-8	2	1,862 log
licitel (\$ pe	r tonne)		_		_		Total d	ally turno	ver 9,941 lot
ash	6175-85	6020		6200		\$105-200			
months	6246-80	8295	-300	6300/62	40	8275-80	6250-6	0 3	9,140 lots
in (\$ per to	nne)						Total d	diy tumo	ver 2,504 lob
	5980-90	<b>8010</b>				5890-5000			### f-n-
	6040-50	6075	_	8055/90	ev .	6055-60	6015-2		586 lota
	d High Gra						Total de	ily turnow	er 12,612 lok
iesh months	1057.5-9.5 1076-7	1057 1076		1058	<b>3</b> -0	1058-8.5 1077-7.8	1074-8		000 into
	1075-7 2 E/S raier	10/0		i Japan 10					1,806 fets
POT: 1.536	A the Laws	S anger	dfar 1,	EE17	6	months; 1.	5109	9 m	oritha: 1,5081
CONCRE D	III.I.VOM BE	a securit			10.00				
	plied by N		child)		(	ew \	OFK		
ield (tray o			_		201	D 450 h			
,,	\$ prico		E equiv	relent	eo.		az.; S/tray		
lose	329.00-32	9.30			_	Close	Previous		
pening	330.20-33	0.60	<b>-</b> 45		Jen Fab	328.7 329.0	329.8 330.1	0 \$29.7	0 328.4
forning fix Stemoon fi	329.70 x 329.15		213.886 213.856		Adar	329.5	330.E	G .	d .
ay's high	330.20-33	0.56	. PO.030		Apr	330, 1	331.1	330.6	329.6
ay's low	328.50-32	8.70			Aug	331.5 332.6	332.4 333.7	332.0 332.7	331.2 332.7
oco Ldn M	ean Gold L	ending i	Rates (	Ve US\$}	Oct	334.4	335.2	335.2	334.2
month	1.25	6 mo		2.00	Dec Feb	336.0 338.0	336.8 338.7	338.0	335.3
COOPS	1.30	12 m		2.30				338.1	338.1
months.	1.41				PLA		roy oz; \$/tr		
Sver fix	p/troy oz		US cts	equiv	jan-	Close	Previous		
pet	240.10		169.90		Jen Apr	360.5 368.0	361. f 358. R	364.0 360.5	380.0 357.0
months	244,30	3	372.80		Jul	356.0	356.6	357.0	355.5
months	247.95		375,90		Oct	355.0	356.2	356.0	356.0
OLD COH	<u>255.55</u>		<u> 183 80 </u>		Jen	354.0	368.2	0	0
			0		SELV		roy oz, cent		
	5 price		tupe 3			Close	Previous	High/Lo	
rugerrand lasic lesi	329.00-3 338.85-3		213.00	215.00	Jen Feb	365.5 366.4	359.6 370.4	0	0
	336.65-3 18,50-81 lgn		51,00-5	3.00	Mar	367,3	370.4	U713	9 367.0
RADIED OI			,550		1	D10.0	374.0	373.0	369.5
		- "			Jul Sep	372.5 375.3	376.6 379.2	375.6 379.0	373.0
undalum (2		Calla		Puts	Dec	379.9	389.6	384.0	379.0 380.0
	S tonne Fet	May	Fab	May	Jan	207,1	384.8	0	0
200	23	56	17	17	Mar	384.9	388.7	387.0	387.0
25 50	12	43 32	31	39 52	May	388.5	392.3	0	0
	5				HEGH		OPPER 26.		
opper (Gra		Calle		Puts	_	Close	Previous	High/Los	
60 50	99 38	98 71	17 37	46 68	Jan	105.35	105.15	106.00	104.00
00	18	50	87	96	Feb	105.80 108.15	105.55 105.95	108.40	105.25 103.40
dee	Mar		Mar	May	Apr	108.25	106.10	107.10 Q	103.40
0	60	<b>6</b> 5	15	39	May	106.35	106.20	107.10	103.70
0	31	41	36	65	Jun Jul	108.35	106.35	106.40	106.20 104.20
00	14	26	<u>\$\$</u>	100	Aug	106.40	106.55	0	0
dies.	Mar	May	Mar	May	Sep	106.45	106.60	107.40	105.80
0	60	65	15	39	CRU	ME CHL (Lig	ht) 42,000 l	IS galls \$/	berrel
0 00	31 14	41 26	36 68	65 100		Latest	Fravious	High/Lov	
<u></u>	Mar	May	Mar	May	Feb	19.12	19.04	19.22	18.92
					Mar	19.26	79,75	19.35	19.05
D 5	47 31	68 51	9 18	14 22	Apr Mby	19.40 19.50	19.32 19.42	19,47	19.22
<u> </u>	18	37	30	33	yan May	19.56 19.56	19.45	19.54 19.56	19,53 19,50
ent Crude	Feb	Mar	Feb	Mar	Jud	19.60	18,52 16.44	19.60	19.54
50	37		15	27	Aug Sep	19.62 19.64	16.54 19.57	19.62 19.65	19,57
90 50	10	37	42	43	Cet	19.65	19.50	19.65	19.54 19.60
SU SU	2	19	77		Nov	10.70	19.61	19.70	19.70

	Latest	Previous	High/Los					_		
		_			- 80Y	ABEANS S	,000 bu mın;	cente/80ib t	aushei indus	_
řeb Mar	83.96 54.45	54.29 54.55	54.80	83.90	_	Close				-
Apr	54,50	84,42	65.05 64.80	84.20 84.25		UICHE	Previous	High/Low	1	_
May	53.90	63,62	54.00	53.55	Jen	876/2	671/0	576/4	572/4	_
Jun	53.50	53.42	53.75	63.50	Line	579/2	574/2	680/0	675/2	
Jul	53.86	63.72	53.90	63.75	May	14/4	679/6	585/0	580/4	
Aug	54,50	54.42	54.60	54.80	ايال مديدة	589/6	585/4	590/6	586/G	
5ep	55.90	56.62	66.70	55.66	Aug Sep	591/6 591/6	567/4	592/4	568/0	
Oct	56.90	56.57	56.70	56.70	Nov	595/4	586/0 591/0	592/0	587/0	
Nov	57.60	57.47	67.60	57.60				695/6	590/2	_
COC	DA 10 leni	nes;l/tonne			SOY/	abean oil	60,00G lbe;	cents/lb		_
	Cione					Close	Previous	Marin II ann		-
_		Previous	High/Lov		_ =	_		High/Low		_
Mar	955	947	966	947	— Jen Mar	#1.29 21,53	20.77	21,32	20.80	
May	962	974	966	974	May	21.66	20.96 21.18	27,35	21.01	
Ĵui Ess	1907 1930	997	1009	1001	Jul	21.84	21.37	21.71	21.20	
Sep Occ	1056	1020 1048	1025	1025	Aug	21.85	21,40	21,86 21,85	21.37 21.47	
Mar	1955	1078	1060 0	1050 0	Вер	21,85	21,41	21.85	21.65	
May	1113	1108	ō	ŏ	Oct	21.85	21.41	21.85	21.48	
Jui	1135	1125	0	ō		21,90	21.47	21.90	21.48	
Sep	1166	1148	1154	1149	BOYA	ABEAN ME	AL 100 tons;	\$/ton		-
Dec	1181	1173	0	_0_		Clase	Previous			- 4
COFF	EE .C. 11	,500lbs: 66s	alsa/libs		Jan	_		High/Low		. •
	Close	Previous	High/Low		- Mar	185.0 183.8	184.5	185.5	184.3	
Mac	73.20				- May	184.2	182.7 183.2	184.3	182.9	
May	77.40	70.30 74.20	73.45	71.25	Jul	186.0	185.2	184.5 186.3	183.5	
kd	79.20	75.60	77.50 79.25	75.50	Aug	186.7	186.0	187.3	185.4	
Sep	80.90	77.40	80 95	77.30	Sap	167.8	187.0	188.0	186.5 187.5	
Dec	53.25	79.65	83.25	87.25	Oct Dec	189.0	186.6	189.5	188.5	
Mar	85.10	61,75	0	Q	-	8.0¢T	190.6	191.5	190.8	
May	87.60	83.25	0	0	MAIZ	E 5,000 bu	min; cents/5	6b bushel		•
SUGA	A WORLD	717 112,0	00 lbs; cen	ts/lbs		Close	Previous			
	Close	Previous	High/Low		Mar	218/4		High/Low		
Mar	8.16	8.17			— May	228/0	217/6 225/0	219/0	218/0	
May	8.30	8.33	8.20 8.34	6.11	Jul	232/0	231/2	226/4	225/4	
Jul -	8.40	8.39	8.43	8.26 8.35	Sep	238/4	235/6	232/4 236/6	231/4	
Oct	8.41	8.42	8.42	8.39	Dec	240/6	240/2	241/4	236/2 240/6	
Mar May	8.52 8.61	8.49	0	0	Mar	247/8	247/2	248/n	247/2	
		6.56	0	0	WHEA	LT 5,000 bu	min; cents/t	50lb-bushel		,
COTT		cents/lbs				Close	Previous			
	Close	Previous	High/Low		Mar	389/4		High/Low		
Mar	61.08	59.54	61.30		- May	348/0	353/2 348/2	371/2	363/6	
May	62.18	60.50	62.25	59.80 60.70	Jul	320/4	318/0	350/4	343/4	Ų,
Jul	63.15	61,60	63.15	61.85	Sep Dec	325/0	323/0	322/4 325/4	318/0 322/4	
Oct Dec	61.40 60.70	60,60 59,68	61.80	60.90		335/0	334/0	335/4	332/4	
Mar	61.42	60.38	60.75 61.38	59.75	LIVE C	CATTLE 40	000 ibs; cen	ts/ibe		
May	61.75	61.00	0	60,38		Close	Previous			
DRAW	CE AMES	15,000 lbs;		<u> </u>	Feb			High/Low		
	Close				Apr	79.300 78.025	78.700 77 550	79,425	78.450	
ler		Previous	High/Low	_	Jun	74.175	74.025	78.125 74.250	77,450	
Jan Mar	79.30 82.20	82.15	82.15	79.10	— Aug Oct	72.275	72.075	72.350	73.825	
May	84.80	85.00 87.50	84.90	81.55	Dec	72.675	72,400	72.750	71.900 72.250	
Jul	86.30	89.05	87.60 89.40	84.40		73,300	72.850	79 966	72.900	
Sep	87.10	90,10	91.00	86.00 86.05	CAE H	10GS 40,00	0 lb. cents/l	26		
Nov Jan	87.10 89.05	BQ.05	93.00	89.05		Close	Previous			
Mar	90.15	91.05 91.05	92.00	90.00	Feb	42.775		High/Low		
May	90.15		90.50	90,60	Арг	42.225	42.450 41.825	42.850	42.450	
		_		90.50	Jun	47.050	47.000	42.300 47.275	41 850	
	(CRS				Jul I Aug	46.650	46,550	47,000	47.000 46.525	
REU	TERS (B	Ser Septem	ber 18 **	331	Oct	45.300 41.550	45 100	46,475	45.050	
100)			10 [[	-41 D	Dec	42,900	41.300 42.700	41.550	41.450	
I —	Jan 7	Jan 6	mnth ago	VT PAC	PORK	BBL1 ×co ·	2000	43,000	42.900	
1_	1701.0	1696.7		1588.4			0.000 lbs; ce	Ups/IP		
DOW	JONES (	Base. Dec		100)	=	Close	Previous	High/Low		
<u> </u>	78U 6	Jen 5	minth ego	VI cos	Feb Mar	37,400	37.550	37.875	37,300	
Spot	121.17 18 122,47	121 13	121.80	112,51	May	37.725 38,900	37.925	38,175	37.700	
- June	~ 162,9/	122.36	120.08	121.05	Ju!	39.500	39.400	39.450	38.600	7



### LONDON STOCK EXCHANGE Early losses halved before the close

By Terry Byland, UK Stock Market Editor

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THE Bundesbank kept the London stock market guessing yesterday, failing to cut its key lending rates but then reducing money market repurchase rates. UK blue chip stocks, down by 20 points on the FT-SE 100 scale just before noon, halved their losses before the end of the session.

Second tier stocks continued to move steadily higher as investors bought the smaller capital goods and consumer issues, which are expected to show the first benefits from recovery in the domestic economy. Retail trading volume, which shows the degree of investor activity in equities. remained high, recording a money value of £1.33bn on Wednesday; daily retail totals have begun to move above the levels recorded in the final quarter of 1992, themselves significantly better than earlier in the year.

At the final reading the PT-SE Index was down 9.5 at 2,816.5, having touched 2,805.5 earlier in the day. The initial selling bout was strengthened by technical selling of Footsie stocks by securities houses arbitraging against the March contract on the FT-SE Index. At least three sizeable trading programmes went through the stock market as arbitrage positions were unwound.

The FT-SE Mid 250 Index, however, never looked back after a firm opening and ended the session 21 points ahead at a new all-time high of 2,940.3. The wits remarked that the Mid 250 Index was benefiting at present from the absence of a futures contract - Smith New Court, the UK marketmaker, intends to plug this gap but its new Mid 250 future made a very quiet debut yesterday.

BAT Inda

upset by international develop- stock market. ments, largely ignoring increasing tensions over Iraq. The cut in German repo rates was seen as a move in the right direction and lower rates in the Netherlands and Switzerland also encouraged London expectations that interest rates are headed downwards. The doubling of overnight lending rates in Ireland came

TRADING VOLUME IN MAJOR STOCKS

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UK traders refused to be well after the close of the UK Seaq volume increased to

755.7m shares from the 701m of the previous session, reflecting both the arbitrage trading programmes in Footsie stocks and the continued demand for the second tier issues.

The absence so far of the much-rumoured rights issues helped sentiment, and underlying buoyancy was also

reflected in renewed bid speculation, albeit among some well-known takeover favourites. In banks, TSB resumed its place as target for a range of rumoured bid predators.

Optimism for recovery in the economy was encouraged by a trading report from Kwik Save, a leading retail discount group, and by reports of good Christmas trading by leading stores in the US. Many analysts believe that the shakeout in UK equities is little more than an expected bout of profit-taking in a stock market set on a

bullish course. At Nomura Research Institute, Mr Nicholas Knight, one of the most bullish strategists, rejected suggestions that the market was over-bought. He sees sterling's strength and developments in German rates as raising the probability of a further decline in UK base rates. A firm pound will also reduce fears that overseas investors will back away from the expected flood of UK government funding and equity rights issues.

#### Account Dealing Dates <u>Jan 25</u> Feb 8

#### **TSB** rises on talk of takeover

TSB outshone a generally weak banking sector as the market ignored continuing worries about bad debts and today's one-day strike by the staff in protest against job losses, and concentrated on another burst of takeover speculation and

rumours of asset disposals.

Shares in TSB have been

restrained in recent sessions as strike worries built up. But yesterday saw a bout of heavy buying in the stock which took it to 161%p at one point, with marketmakers reporting speculation that the bank could be about to announce the sale of its: Hill Samuel merchant bank - possibly to a European buyer - for around 2300m. TSB launched a bid for Hill Samuel just before the great crash in October 1987 and eventually paid more than £770m for the merchant bank. It subsequently suffered heavy losses. At the close TSB was 6 higher at 158p after turnover of

10m shares. The takeover stories, which

#### **NEW HIGHS AND LOWS FOR 1992/93**

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Banking analysts, however, said it was more likely that marketmakers had been caught short of TSB stock after some string buying by income funds anxious to lock in the TSB dividend ahead of the preliminary results, expected on January 14. Lioyds Bank lost 8 to 534p, albeit in relatively thin trading, while Abbey National. still said to be feeling the effects of a recent profits downgrade, dipped 7 to 371p on 5.2m

#### Unigate active

. Takeover talk swirled around Unigate, one of the stock market's favourite bid rumour targets, with French dairy products group BSN once again said to be considering a courtship.

Most analysts were dismissive, nowever, arguing that while BSN wants to concentrate on developing specific product lines - which Unigate's St Ivel subsidiary would provide - it is unlikely to tackle such a large dairy combine. The French group, which issued a denial yesterday, has a history of non-hostile acquisi-

However, according to anslysts, the main source of the rumour appears to have come from a meeting of the St Ivel board, which was called unexpectedly to discuss restructuring, rather than a BSN bid. This did not stop speculators clambering aboard in early hectic trading and the Unigate shares closed at 329p, up 19.

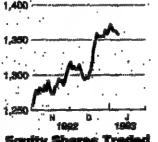
#### Burton steadies

Tougher than expected rationalisation moves at Burton inspired more positive comments on the group's recovery potential and saw analysts move quickly to upgrade profit forecasts.

Burton believes its sweeping redundancy package will be repaid within a year and that the full cost savings of £20m will be felt in the 1993-94 accounting year. Most analysts left 1992-93 predictions untouched, but for the following year, new forecasts ranged from £50m to £75m as the full extent of the savings were

counted in. Mr Steve Oldfield at Smith New Court said Burton was becoming "one of the market's most interesting recovery stories" and that short-term investors were likely to be rewarded in the near term. However, the large volumes traded in recent days against a relatively slow upward price move demonstrated that some investors are continuing to bale out. Yesterday, the shares added 11/2 at

80p on turnover of 23m. Standard Chartered, one of the market's best performers in recent months, came under renewed selling pressure, clos-



Themover by volume (million) Exchaing: intra-meries: business & Oversees turnover



ing 18 cheaper at 581p, as a number of institutions took profits in the stock, which rejoined the FT-SE 100 at the BUTE OF THUS WE

There was big turnover -4.5m - in Bank of Scotland amid talk of a hefty profits downgrade, with the shares settling 11/2 easier at 1220.

Singer & Friedlander, the merchant bank, held steady at 52p after Newton Investment Management said it had bought another large chunk of the company's shares, increasing its stake by more than 1 percentage point to 16.64 per cent. The investment company said no one individual client held a stake of more than 8 per

cent Royal Insurance continued to lead the composite sector higher, the shares closing another 5 dearer at 289p on turnover of 3.7m.

Burmah Castrol was a notable casualty in an otherwise sedate oil sector, with the shares sliding amid wild and subsequently denied rumours that the group was about to launch a rights issue and embark on a counter-bid for Evode, the chemicals group currently facing interest from Wassall and Laporte.

Burmah's denials to brokers triggered a mild recovery for the shares but they still ended a volatile session sharply lower on balance. The stock closed a

net 22 off at 710p, having been as low as 705p at one point. Turnover came to 1.4m shares.

Highly geared Rank Organi-sation softened 2 to 704p as the old rumours of rights issues returned, although they found little credence with analysts. More likely, it is suggested, is Stakis, whose results at the end of the month are expected to be another positive step on the group's road to recovery. With high debts the hotel group is expected to announce either a cash call, or the disposal of its casinos or nursing homes, or both. The shares put

on 3 at 44p. Embattled Owners Abroad gained 2 at 122p after widespread suggestions that it will need a higher bid from rival Airtours to win the day. Shares in the latter fall 11 to 291p.

Food distributor Booker jumped 26 to 434p as the company hosted a series of meetings with institutions. Investors were said to have been reassured over prospects for the dividend, which was thought to be under pressure. and other aspects of the i. Kleinwor Benson was also reported to

have been positive on the Kwik Save's announcement at the agm of its sales increase was already in the price and the shares slipped 3 to 800p. Shares in Mirror Group

Newespapers remained strong. helped by a buy note from Kleinwort Benson. There was also talk of stake-building by Mr George Soros, the private investor, whose Quantum Fund vehicle is said to have taken a 2.75 per cent holding. The shares rose 4 to 97p. News of a £4.5m contract to

supply turnkeys for satellite image processing and sugges-tions that a number of leading brokers are about to lift their current year profits forecasts from around £15m to £17m, and those for next year from some £21.5m to £25m, triggered renewed strong support for Cray Electronics. The shares, already at their highest level for around 21/2 years. jumped 10% to 126%p on turn-

Delta surged 18 to 481p, with analysts taking the view that the company offers all the strengths of BICC but without the drawbacks of property/ construction exposure.

#### FINANCIAL TIMES EQUITY INDICES

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### EQUITY FUTURES AND OPTIONS TRADING

RECENT weakness in the premium on the Footsie index fature met further testing yesberday, writes Terry Byland. An attempt to move the March contract higher in early trading soon failed and for the rest of the session, the stock index future played its part in restraining the underlying

Eng & Ind Wis

cash market. The March contract soon

faded to around 15 points above cash value, effectively showing no premium against fair value, which is the calculation allowing for dividend and financing flows. At this point, the locals backed away and the big securities houses began to arbitrage between futures and stocks, selling the blue chip stocks and buying the stock index contract

Their operations helped a stock market already rallying. By the close of trading, the March contract had established a fair value premium of around 5 points, still weak by comparison with the 15 or so points expected at this stage of the contract's life. Traders reported significant rollingover of March into the June

contract, although with the

fair value spread on the two now at about 11 points, this was an expensive move.

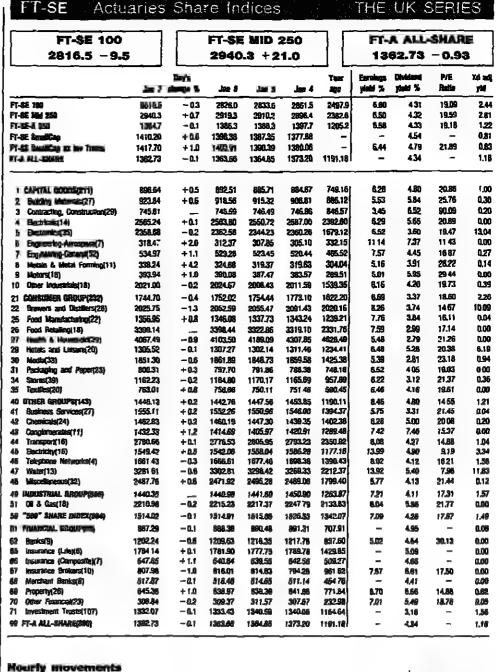
In traded options, volume increased from 29,089 contracts on Wednesday to 37,711 yesterday. The FT-SE contract was very active at 19,226 contracts. BP again led the stock options at 3,145, followed by TSB at 2,699 spurred by takeover talk.

Dealers drew encouragement from the latest figures for new car sales and marked motor distributor shares sharply higher. Appleyard Group moved forward 10 to 95p, Evans Halshaw 5 to 243p, Lookers 7 to 115p and Henlys 9 to 96p. Reg Vardy, however, lost 8 to 125p after the 9 per cent fall in profits.

A Williams de Broe recommendation to switch out of Johnson Matthey and into Charter Consolidated, coupled with vague takeover stories. drove Charter shares sharply higher. They closed a net 37

MARKET REPORTERS Christopher Price, Steve Thompson.

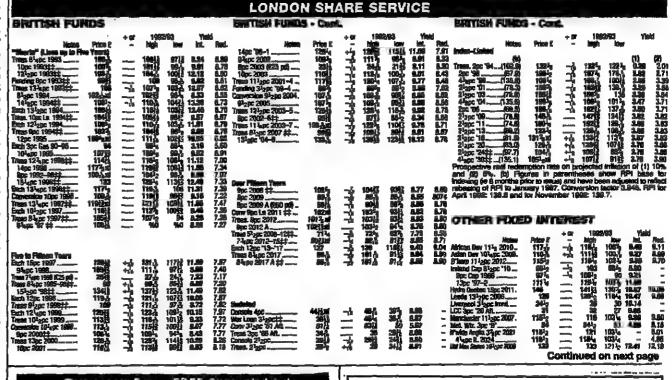
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Additional information on the FT-SI Actuaries Share Indices is published in Seturday Issues, Late of constituents are available from the Financial Times Limited, One Southwark Bridge, London 651 oHt. The FT-65 Actuaries Brare Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FHSTAT at the same address. The increase in the slot of the FT-Actuaries All-Share Index from January 4 1983 means that the FT-600 now contains more stocks, it has been renamed the FT-800. The FT-85 Met 200 and the FT-85 Actuaries 350 indices are completed by the London Stock Sushange and the FT-85xaries All-Share Index to contain the institute of Actuaries and the FT-Astuaries All-Share Index to contain the Institute of Actuaries and the FT-Astuaries.

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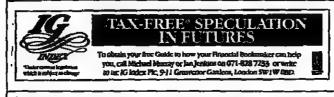




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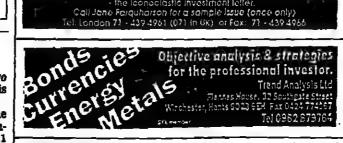
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Much the same as you, no doubt.

How about a spot of lunch to keep the old body in peak form in January? A top hole restaurant? Naturally. A fiver a head? Better still.

But, dash it, can those restaurant johnnies really come over with the goods at a tenner for two? A chap does not want to slide into the pew, tuck the linen over the tie and find he only has the readies for

You mean it's all fixed up? Those brainy people at the FT have a list of 130 decent places which will refuel a fellow for £5? Treat Aunt Agatha?

### What is the FT getting up to this Weekend?

Certainly not, even at that price; but trouser this emolument and try one yourself, Jeeves.

Oh, and don't forget to shimmer in early tomorrow am with a copy of the pink whatsitsname. Not a minute after eleven.

Might even read it. Someone was saying its articles on Saturday are quite a zingy read and the stuff on what to do with your money is, what did you say? Yes, that's the word, superior.

> Weekend FT Saturday January 9th 1993

INVESTMENT TRUSTS - Cont

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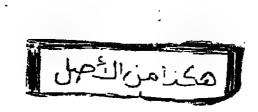
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5.5 Indices and FT-Actuaries World Indices.

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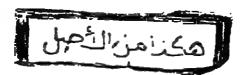
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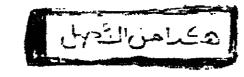
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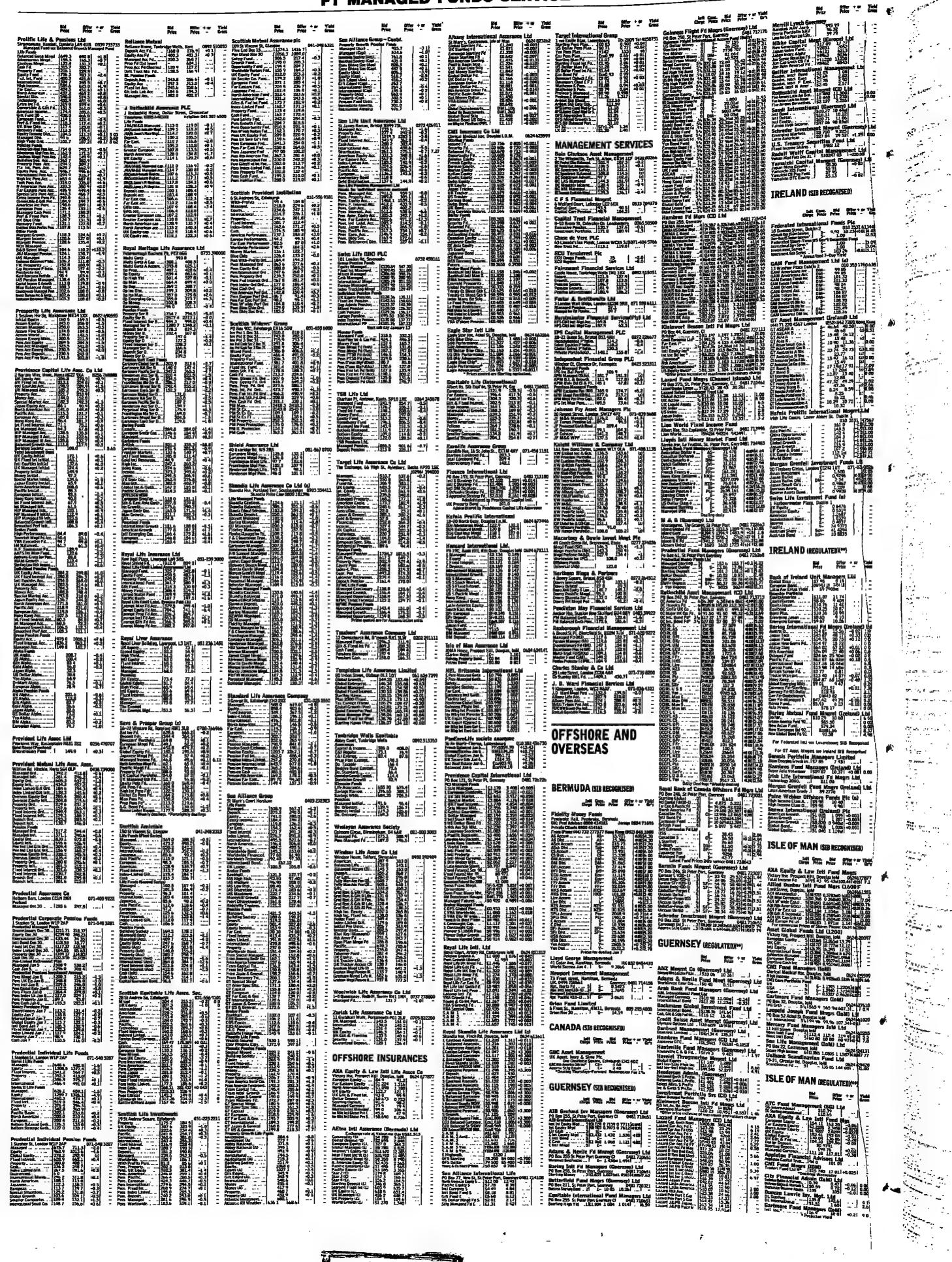
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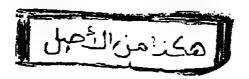
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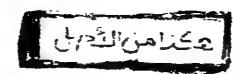
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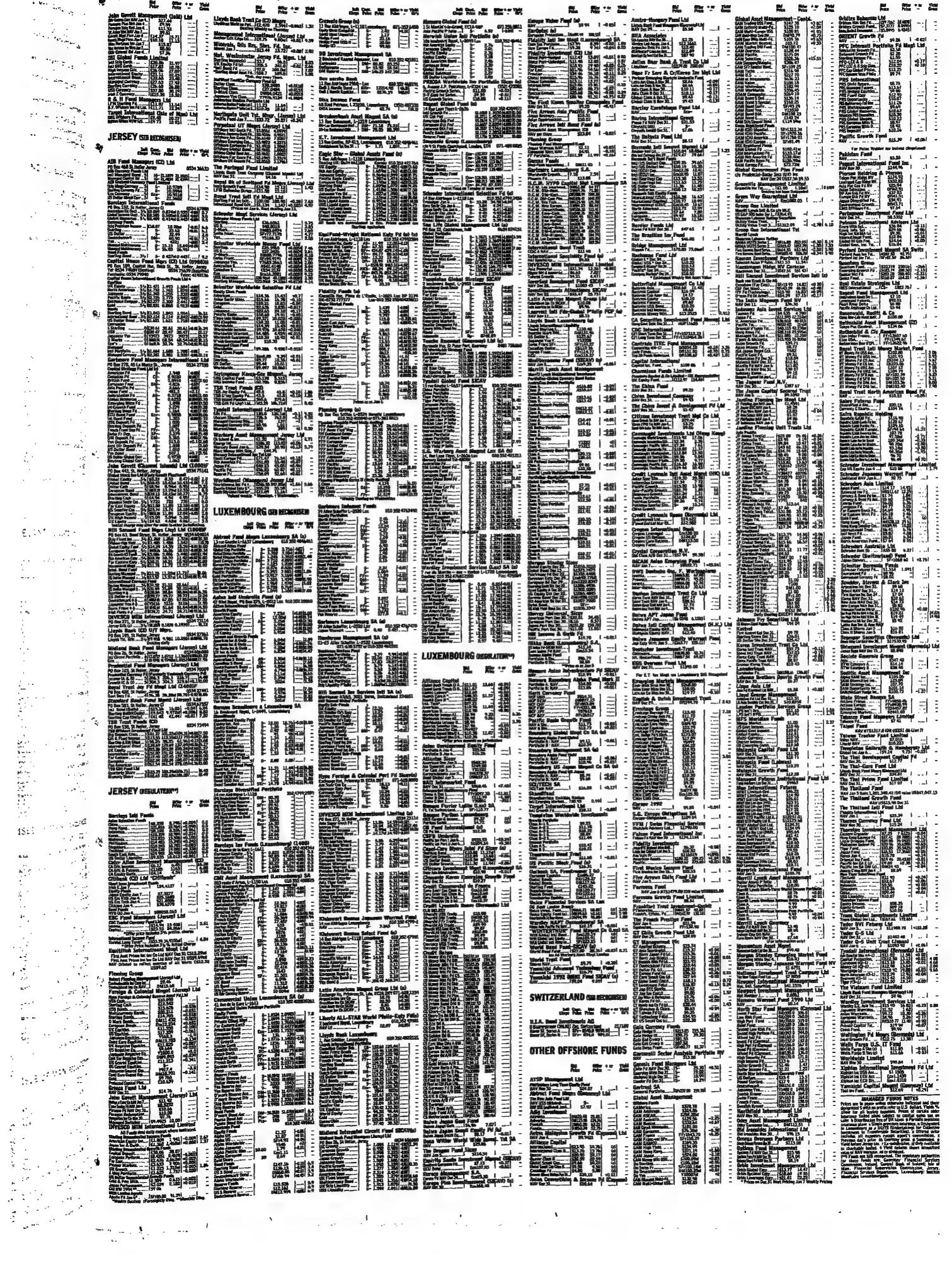




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#### CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FUTURES AND OPTIONS

#### FOREIGN EXCHANGES

### Optimism over German move

THE FRENCH franc appreciated above the FFr3.40 level against the D-Mark yesterday after the Bundesbank announced a cut in its main money market dealing rates, writes James Blitz.
The Bundesbank did not cut

any of its officially posted rates yesterday. But a 15 basis point cut in the rate at which it offers fixed rate repurchase aggreements, to 8.60 per cent, was hailed by some dealers yesterday as an extremely sig-nificant move.

Some argued that it may have ensured that the franc avoids devaluation and that the European Exchange Rate Mechanism will remain intact this year. "This marks the passing of the peak of the pres-sures in the ERM." said Mr Avinash Persaud, a currency economist at UBS Phillips and Drew in London. "It is the first clear sign that, when pushed to the limit, the Bundesbank will act to support the French

Other market participants were not as enthusiastic. A leading fund manager in London who had taken a particularly bearish view about the franc's prospects, said he now feit "a little more comfortable" about holding the French cur-

0.0	M NEW Y	ORK
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"Floating rai	e iran Official rate	E1100'32 2PP'PQ					

rency.

But he added: "If there is no more easing in the repo rate within two weeks, the pressure on the system will return. Today's move has kept the pressure off for a week or two

but no more." The spontaneous reaction of currency dealers to the move was clearly positive. The franc rallied above the level of FFr3.40 to the D-Mark for the first time since Christmas, and closed at FFr3.3980.

However, the prospects of the Irish punt avoiding a devaluation appeared to dealers to be even slimmer, despite the determination of Dublin's political leaders to a hold the cur-

At the end of ERM trading, the central bank raised overnight rates from 50 per cent to 100 per cent as the currency traded for the second day running below its ERM floor hank to ease policy again by the beginning of March? Miss Alison Cottrell of Midland Global Markets be that the Bundesbank will the outcome of talks o German budget and the round talks over the nex night. She believes that, budget deal is resolved, a cial rate cut could come council meetings on Fel 4th or 18th.

The strong dollar may residual pressure on the esbank not to ease becar lears of imported inflatio Some dealers were at to explain why the dollar not break above DMI.6390 day that the Bundesbank and the weekly jobless showed a drop to 291,000 week to December 26 fr

331,000 the week before. Rumours that the Bu bank has been selling d in recent days because of

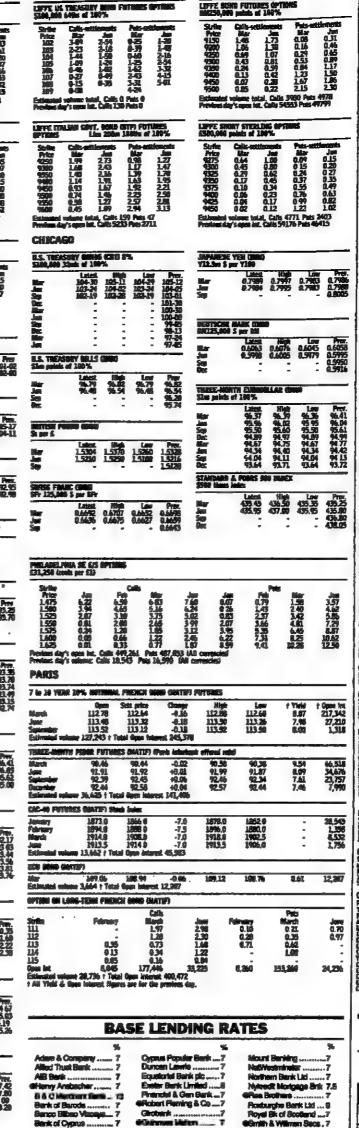
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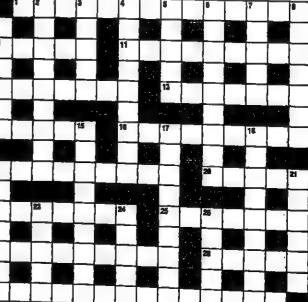
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CROSSWORD

No.8,045 Set by CINEPHILE



1 Senior officer with terrible aquint loves transatlantic set-tlers (14) 10 Former officer gets the bird

11 Cecil's city girl is put in the ground (9)

12 Ringer on the farm with hood, about ten decibels (3-4)

13 Henry I's qualification is fishy

14 Resolution used to lead Liberals (5)
16 Classical singers need hard

British coach, possibly (4.5)

Note to see about part of speech I'm backing (9)

Storehouse of French drug (5)
No part of harem should be in pocket (4.3)

pocket (4,3)

25 A number that's different (7)

27 Absolutely everybody
between 0 and 50 is Neanderthal, a bit missing (3,3,3)

28 Dressing up starts with a
good look round (5)

29 Financier turning to market
(north-eastern branch) (8,6)

DOWN

Comprehensively defeat past western leadership? (9)

Letter heard by waiters (5)

in the Sun, awfully blue is what crosswords shouldn't be DOWN

(9) Incline to get bot with cultiva-tion (5)

6 Homeless, took chances with-out climbing mountains (9) 7 Line that sounds peculiar (5) 8 Cast having rest disturbed by crooked lawyer (7)

9 French arbitrators for quarrel 15 Student, awfully brainy at theology, in amazing complex 17 Association for mating? (5,4)

17 Association for mating: (3,4)
18 Timely piece of music for plano or air (9)
19 Make fast, seamen, up in warm place (3-4)
21 One who counts votes may

get a fortune (6)
23 Weapon with head and side

24 A little corn in the wood (5) 26 Star at pole, one not even on the Milky Way? (5) Solution to Puzzle No.8,044



#### MONEY MARKETS

#### Muted reaction to cut

THERE was a muted reaction in European interest rate markets yesterday to the Bundesbank's decision to lower its money market dealing rate. writes James Blitz.

Yesterday morning, few dealers were under the impression that the Bundesbank would ease policy, in spite of continuing pressure inside the European Exchange Rate Mechanism and signs that the country is entering a deeper recession than had been anticipated.

#### UK clearing bank base landing rate 7 per ceut from November 13, 1993

After a council meeting that went on longer than expected, the Bundesbank left its official interest rates unchanged. But it lowered the fixed rate at which it offers repurchase agreements in the German money market by 15 basis

points to 8.60 per cent. The move on money market rates failed to have much impact in futures and cash markets. Some dealers suggested that if the Bundesbank lowers the repo rate again to 8.50 per cent, this would ensure that the official discount rate, which sets the floor for all German rates,

would need to be reduced.

near-term cut in German rates before yesterday's move by the Bundesbank and yesterday's 15 basis point move could therefore have made little difference to expectations. The March contract opened yesterday morning at 92.17, a level which prices 3-month money at 7.85 per cent in the spring, 80 basis points below the current level.

There was little more excitement in French franc futures. The March French franc contract closed 2 basis points lower at 90.44. In the French cash euro-cash market 3-month money was a touch easier at 121/2 per cent from 12% per cent the day before. The main event in the

sterling market was the difficulty in removing the shortage in the discount market, The sterling overnight rate peaked yesterday at 11 per cent after the Bank of England forecast a deficit of £1.45bn.

According to one dealer, the market had been waiting for the Bank to repeat its offer of a repurchase agreement to the I March, at a rate of 6% per cent, because this was slightly cheaper than dealing in the

longer-dated bills. However, the repo was not forthcoming, and late assistance, at £595m, was considerable. Three month However, Euromark futures money closed slightly firmer at were already pricing in a around  $7^{\circ}_{11}$  per cent.

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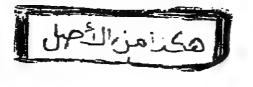
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WORD

FINANCIAL TIMES FRIDAY JANUARY 8 1993	WORLD STOCK	MARKETS	
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3 pm January 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES 

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#### PRICES NASDAQ NATIONAL MARKET Separate Separat NYSE COMPOSITE PRICES NASDAQ NATIONAL MARKET 22 100 21 1, 0.20 22 69 61, 0.22 19 1032 131, 0.80 9 9 261, 0.80 1 164 2 31 1025 311, 38 26, 19 38 27, 19 38 27, 10 21 141, 17 867 61, 2 80 791 614 564 60 2 0.26 51 334 174 174 1772 22 764 2614 38 2614 22 860 274 274 274 274 23 136 164 164 184 184 23 332 264 234 244 20 5829 876 876 876 2.26344 160 514 504 514 C Tec Calon labe (Calon labe (Calon labe) Calon labe ( 57 lg 38 lg VF Corp 35 lg 19 lg Valero En 11 lg 7 lg Valero MGes 7 lg 4 lg Valhi Inc 20 lg 12 lg Van Dorn 8 lg 6 lg VanKamp H AMEX COMPOSITE PRICES 44 344 PY San Dir. E 100s High 1 ST 13-1 0.16 17 4 13-1 17 2105 311 1 1124 25-1 75 11-1 4 360 27 10 711 17 344 0 29 0 \$21 35 1410 184 184 184 8 22 44 45 44 18 96 124 124 124 25 60 2½ 0.40 32 5 12½ 0.22 80 713 38 140 213 112½ 0.24 18 205 5½ 0.40 18 205 5½ 7 385 5½ 19 70 1½ 42 2591 49¼ 5 49 1½ 0 15 5 15 15 14½ 16 5 25½ 24 124 375 125 355 54 213 54 - X - Y - Z -27 2367 251, 241, 245, -11, 4 904 81, 91, 91, +1, 0.94 21 551 275, 275, 275, 7 415 74, 71, 71, +1, 0.84 12 550 772, 752, 752, -1 Nat Peni New Line MY TeamA NanCesCH News: Old NV Ryse 10 40 211 30 12 13 2 0.56 70 1246 27 2 0.17 46 10 83 2 6 43 9 120 b 2% 211 13½ 13½ 26½ 27% 8¾ 8¾ 4% 4& 18% 19% 1¼ 1% 10% 10% 5% 5% 5% 5% 9½ 9½ 27 4783 c19<sup>3</sup>s 0 10 13 0 23 8 2100 10<sup>5</sup>s 0.01 35 3066 57s 7 83 6<sup>3</sup>s 73 135 6<sup>3</sup>s RHONE-ALPES The FT proposes to publish this survey on February 18 1993. This will be a detailed analysis of a major economic region of France, the first since the inception of the Single European Market. 104 104 119 124 124 274 275 18 GET YOUR FT BY HAND DELIVERY For more information call In LYON Jean-Yes ROPERT Tel: 72-27-13-84 Fax: 78-08-84-51 IN STOCKHOLM. - K 14 821 22½ 21½ 22 0.44 10 316 10 9½ 9½ 0.08 11 304 8½ 8 8½ 0.08 16 77 26 24 25 0.08 10 97 7 72 0.76 37 18 23½ 43 43½ 0.44 5 181 8 8½ 8½ 0.44 5 181 8 8½ 8½ 0.76 15 83 27½ 26½ 27½ 10 72 7½ 8½ 7 13 164 11½ 11½ 11½ 31 778 15½ 15 15 28 247 17½ 16½ 17½ 4 81 6½ 6% 6% If you work in the business centres of Malmö, Lund, Stockholm or Gothenburg we'll deliver your daily In PARIS Stephen DUNBAR-JOHNSON Tel: 1-42-97-06-21 Fax: 1-42-97-06-29 copy of the FT to your office at no extra cost. Call Bradley Johnson for details (08) 666 0065. In LONDON PATRICIA SURRIDGE Tel: 071-873 3426 Fax: 071-873 3428 FINANCIAL TIMES Dehiserg Dert Groe DeteSwich DeteSwich DeteSings - S = 1.84 12 1794 58½ 57½ 57½ 1.0.30 28 5 116½ 18½ 18½ 0.28 20 5540 50 28½ 30 1771030 35½ 54½ 55½ 6513011 119½ 19 18½ 1 1706 10½ 9½ 9½ 9.46 14 5542 43 41½ 42½ **FT SURVEYS** 25 1209 u45 ½ 443 123 9 ½ 0.12 31 2517 u12 ¼

### Economic data offset by short-term doubts

#### **Wall Street**

INDECISION among investors about the near-term outlook for equities kept US share prices mostly unchanged yesterday, despite some more good economic news, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was 1.63 higher at 3,306.79. The more broadly based Standard & Poor's 500 rose 0.58 to 239.41, while the Amex composite was 1.08 higher at 398.68, and the Nasdaq composite was up 3.45 at 685.30. Trading volume on the NYSE was again heavy at 178m shares by 1 pm.

The morning's economic figures should have boosted sentiment. The 40,000 drop in weekly jobless claims had posttive implications for labour market conditions and suggested that today's key employment report for Decem ber should show that the jobs picture is improving. News of stronger chain store sales and another big rise in consumer confidence was also part of the bright economic package.

But investors remain uncertain about the short-term future for stocks. Fears of a

n December 29, a

dealer entered the Jak-

arta Stock Exchange,

registered a crossing of 10m

shares of Astra International

tion, and walked out. The inci-

dent was an exception. Many

brokers had no work at all dur-

The Jakarta market has been

subdued in recent months.

After rising 27 per cent in the

first six months of 1992 to

above 330 points, the composite

index declined to end the year

at 274, a 14 per cent gain but less than a Jakarta bank would

Trading volume, although

slightly higher than 1991, aver-

aged \$13.2m a day last year

while market capitalisation

Falling interest rates have

brought some cheer, but this is

expected to have a mixed effect

on corporate performance.

since some companies rely on

interest earnings for a substan-

tial portion of their profits.

Also, over the past two years,

companies with higher gearing have increased their offshore

borrowing, the costs of which

are rising as foreign bankers

express concern at Indonesia's

An ownership crisis at Astra

International, Indonesia's sec-

ond largest group which

accounts for about 10 per cent

of the market's capitalisation,

has also dampened investor

orders. The only difficulty has been finding buyers," notes

Brokers believe the crisis at

Astra is close to being resolved

but the company's share price,

currently hovering at the

Rp9,000 mark, would have to

struggle to return to its mid-

one foreign broker.

thusiasm. "We have had strong sell

\$78bn international debt.

pay for money on deposit.

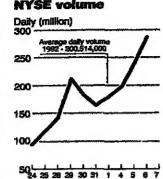
stood at \$19.3bn.

ing the Christmas period.

in a Rp100bn (\$49m) transac-

bers were not enough to revive demand. Tension in the Middle East, and mid-morning computer program-selling also contributed to the market's poor

Philip Morris rose \$1% to \$73% in volume of 3m shares.



The stock rebounded after several days of heavy selling after the company reassured investors about the market position of its leading brand, Marlboro, and maintained its attacks on recent government claims shout the dangers of "passive"

Charles Schwab jumped \$2% to \$28 after the discount broker

Jakarta stocks dampened

by Astra ownership crisis

1992 support level of Rp13,000.

ing community has its opti-

mists. "We all thought about

going home in November 1991

(repeat 1991) and then the mar-

ket railled." says Mr Peter.

Arkell, head of research at

Niaga Securities. He expects

the index to reach 350 by the

cal bounce in the performance

of the larger companies," he explains, forecasting an 18.6

per cent increase in the mar-ket's earnings in 1983 following

The market also has its pes-

simists. Baring Securities fore-

casts earnings growth of just 3.2 per cent this year and advises only selective buying.

Most brokers have adopted a

ownbeat view of the economy.

Although inflation has been

cut by one-third to about 6 per

cent in the past 12 months and

non-oil exports continue to

grow at 20 per cent a year.

investment is falling sharply.

cerned about the banking sec-

tor, the woes of which were

highlighted last month when

Economists are also con-

a small decline last year.

'We are anticipating a cycli-

end of 1993.

Indices rebased

Nevertheless, the stockbrok-

William Keeling finds opinion divided for 1993

profits will be about 53 per cent higher than a year ago. news to investors after a disappointing third

Shopping Network dropped \$%, or more than 10 per cent to \$7% on the news that Justice Department has asked for more information on the pending sale of RMS's controlling interest in Home Shopping Network to Liberty Media. Kaufman & Broad firmed \$%

of 41 cents a share, better than analysts had predicted. On the Nasdaq market, Intel maintained its sparkling recent performance, rising \$3% to \$101%, another new 52-week high, as investors bought in ation of strong sales for its new Pentium computer

to \$17% after the home builder

reported fourth-quarter profits

TORONTO stocks were slightly lower at midday, as the TSE 300 composite index ended 2.69 lower at 3,350.32 in good volume of 29.4m shares. Among sub-indices, financial services and metals and minerals both fell, while oil and gas and industrial products were

the central bank ordered the

liquidation of Bank Summa,

which had outstanding obliga-

Brokers across the board are voicing their frustration at the

management of the Jakarta

Stock Exchange and Bapepam,

the government's regulatory

body. Last month Bapepam

demanded that brokers acting

as underwriters must get a

hank guarantee to cover their

"It is the only market in the

world where such a condition

is imposed. Bapepam does not appear to understand markets

or to take advice," complains

While such rules frustrate

brokers, they also complain of

poor supervision of companies

and inadequate disclosure.

Last year saw a spate of inter-

nal acquisitions, whereby pub-

lic companies bought private

shareholders. "Public share-

holders are getting a raw deal

and are receiving inadequate

protection from the supervi-

sory authorities," says a senior analyst at one broking house.

He believes that some internal acquisitions were conducted at

t is only when looking far-

ther into the future that

brokers perk up. With a 185m population and economic growth of nearly 6 per cent a

year, Indonesia is a large and

ntially dynamic market.

And while gloomy about the

market's short-term outlook,

even the pessimistic brokers

consider some stocks as har-

gains. The foreign director of

one broking house describes a

particular mining stock as

"unbelievably good value. So

good, I bought some for my father-in-law".

inflated prices.

sets from their majority

potential obligations.

one local broker.

tions of Rol,600bn.

## Limited effect from interest rate moves

YESTERDAY's interest rate changes had a limited effect on bourses yesterday, writes Our Markets Staff.

FRANKFURT closed before the Bundesbank announced a further repo rate cut of 15 basis points. The later-closing DAX and bond futures markets responded with a slight fall.

Turnover rose from DM3.4bn to DM3.9bn. The DAX index fell 13.88 to 1.542.50. A swingeing 1993 earnings downgrade for Daimler-Benz by James Capel caused the motor and aerospace group to drop DM8 to DM536.50.

Some analysts said that this downgrade, and the prospect of more to come, had made investors nervous. Furthermore, the market was trading on a 1993 p/e of 17-18, representing a premium to bonds and to foreign equity markets when German corporate prospects indicated a

Siemens fell DM8.80 to DM585.20 and, like Dalmler, fell further in London in the afternoon. Siemens is due to hold a news conference next Thurs-

PARIS fell as the Bundes bank's decision not to lower its leading interest rates prompted

1083.90 1084.31 1084.23 1083.95 1083.73 1085.60 1082.75 1081.92 FT-SE Eurotrack 180 1083.90 1084.31 1084.23 1083.95 1083.73 1085.60 1082.76 1081.92 FT-SE Eurotrack 296 1172.97 1174.37 1173.87 1172.38 1171.85 1176.02 1173.45 1171.90 Dec 31 Jan 5 Jag 4 1091.68 1179.18 1090.07 1180.16 1083.42 1174.71 1166.76 Base value 1900 (28/19/90) Highway: 100 - 1088.02; 200 - 11/9.04 Lowetey: 100 - 1061 87 200 - 11/0.54

Open 19.39 11.90 12.60 13.60 14.60 15.05 Cless

Actuaries Share Indices

dealers to close their long posi-tions. The CAC-40 index fell 15.16 to 1,844.47 in turnover of

IT-SE

uary 7

Hearly changes

Eurotunnel went against the trend, adding FFrL65 or 5.7 per cent to FFr30.55 in the day's heaviest volume of 1.7m shares, Dealers said that Euro-tunnel's relatively high yield and its recent fall below FFr30 had attracted attention. There were also hopes that the stock could benefit from some good news this year, when the tunnel should open and an agreement with TML could be announced.

AMSTERDAM gained support in late trading from the Dutch central bank's cut in three key interest rates from today. The CBS Tendency index closed 0.2 higher at 97.6.

DSM, seeking up to 1,000 redundancies, shed 50 cents to Fl 75.60 while Akzo slipped 70 cents to Fl 138.70 on the prospect of lower 1993 first-half

CSM, the food manufacturer,

as up Fi 1.80 or 1.7 per cent at

Fl 106.40 on a rise in the 1992 dividend to Fl 2.45 from Fl 2.25 and a two-for-one share split. MILAN was initially driven higher by Fiat, which jumped on the publication of a favourable press report; it lost momen-tum in midsession, and was pushed up at the end by Generali. The Comit index rose 1.73 to 455.45 in turnover estimated at L230bn after Tuesday's L199bn. The market was closed

Fiat added L200 or 4.8 per cent to I.4,330 on a report in the financial daily, Il Sole 24 Ore, that both Fiat's car divi-sion and its overall industrial activities showed an operating profit in 1992. The report came as a surprise to some analysts. If rose LA91 or 5.8 per cent to L8,990. Generali gave the market a late boost by shooting up to L30,100 in late trading, after having been fixed L315 higher

SME gained L95 to L5,845 as at L29,720. Iri shareholders approved plans for splitting up the food group and selling off parts. ZURICH dropped by more

than 2 per cent, the SMI index closing 45.1 lower at 2,079.4 on what London dealers described as "long overdue" profit-taking. Pharmaceuticals fell first after falls in their US counterparts overnight, Ciba-Geigy losing SFr19 to SFr650.

The financial sector, already destabilised by the CS Holding bid for Swiss Volksbank, followed on disappointment with the Bundesbank's interest rate decision, and on the realisation that a half-point discount rate cut by the Swiss National Bank merely brought long term rates into line with shorts. CS Holding and SBC dropped by SFr45 to SFr1,935

and by SFr8 to SFr318 respectively, while Zurich Insurance ended SFr80 lower at SFr2,010. MADRID saw Cubiertas fall Pta340 or 8.4 per cent to Pta3,695 after the UK construction group, Lilley, in which it has a 21 per cent stake, was put into receivership. The gen-

eral index lost 0.41 to 220.12. STOCKHOLM turned lower after the steady gains earlier in the week. The Affarsvärlden general index fell 7.5 to 944.0 in heavy turnover of SKr1.01bpc

after SKr494m on Tuesday. Trading was dominated by Astra and Ericsson. Astra A fell SKr18 to SKr747 and Brics son B by SKr10 to SKr186. Volvo bucked the trend, rising SKr2 to SKr375 on renewed speculation that its French partner, Renault, plans to take

over the Swedish group. HELSINKI climbed for the third day on the abolition of restrictions on foreign ownership of Finnish shares and reformed capital income taxation. The Hex index rose 34.3. or 3.9 per cent to 921.9, up 11.2 per cent on the week so far. OSLO dipped on profit-taking

after Wednesday's cut in key interest rates, the all-share index losing 2.90 to 382.03.

report by a US broker, losing

18 cents to A\$13.14.

88 cents to A\$27.72. BHP shed

BANGKOK was lifted by a

strong banking sector. The

SET index closed 10.21 higher

at 914.32 in Bt10.4bn turnover.

Bangkok Bank climbed Bt3.50 to Bt101, Thai Farmers

Rank rose Bt16 to Bt748 and

Slam Commercial Bank gained

## Royal engagement improves mood in Tokyo of wedding gift and souvenir sales. Mitsukoshi closed Y23 sales. Mitsukoshi closed Y23 sales at Y232 and Tokyo

THE announcement of the engagement of Japan's Crown Prince Naruhito improved the mood of the market after several dull days, but could not prevent the Nikkel average from slipping towards the close, writes Bethan Hutton in

Tokyo.
The Nikkel finished down 1.90 at 16,780.98. It reached a high of 17,058.19, but a rush of selling in the last half-hour wiped out earlier gains to leave the Nikkei not far above the day's low of 16,724,19.

Gaining stocks outnumbered losers for the first time this week, with 619 advancing against 316 declining, and 166 issues unchanged. Volume rose to an estimated 200m shares from 178.6m. The Topix index of all first section shares ended 6.38 up at 1,298.25, and in London the ISE/Nikkei 50 index

lost 1.50 to 1,054.84. News of the royal engage nand to meet the expanded

wedding.

strong gains on hopes of a rush

#### SOUTH AFRICA

INDUSTRIAL stocks railled as De Beers rose 75 cents to R60.50 after reporting better than expected 1992 diamond sales on Wednesday. Industrials put on 72 at 4,478, the overall added 54 at 3,334 and golds gained 11 at 793.

ment, to be confirmed later this month, lifted the paper, printing and ink sectors, amid expectations of a boom in press coverage of the bridal couple as well as souvenir issues to commemorate the

Y23 to Y733. Takasaki Paper Y16 to Y276 and Kanzaki Paper Y14 to Y619. Oji Paper, the sector leader, initially climbed to Y879 but fell back to close at Y857, down Y1.

The prospect of commemora-tive coins boosted metal shares. Sumitomo Metal Mining firmed Y3 to Y645 and Mitsui Mining and Smelting put on Y10 at Y462.

Mitsukoshi and Takashi maya, two of the most upmarket department stores, saw

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS			WEDNE	SDAY J	AHUARY	6 1993				TUESDAY	JANUA	RY 5 193	3	DOL	LAR INC	ÆX
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Starling Index	Yen Index	DM Index	Local Gurrency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Starling index	Yen Index	DM	Local Currency Index	1992/93 High	1982/93 Low	Year ago (approx)
Australia (68)	121.07	-2.4	116.40	95.85	102.88	120.54	-1.7	4.03	124.03	118.98	98.04	104.79	122.59	153,68	108.18	151.2
Austria (18)	134.91	-0.2	129.71	106.82	114.65		+0.0	2.13	135,18	129.67	106.85	114,20	114.49	186.70	132,97	170.0
Selgium (42)	132.51	-0.7	127.41	104,91	112.60	109.64	-0.6	5.22	133,45	128.02	105.48	112.74	110.25	152.27	131.19	144.5
Canada (113)	115.21	-0.1	110.77	91.21	97.89	108.57	+0.0	3.18	115.30	110.61	91.13	97.40	106.62	142.12	111.36	137.5
Denmark (33)	191.76	+ 1.0	184.37	151.82	162.95	164.63	+1.2	1.66	189.86	182.13	150.08	160,40	162.62	273.94	181.70	272.8
Finland (15)	72.75	-0.3	69.94	57.60	61.82	82.21	+0.0	1.66	72.95	69.98	57.67	61.63	82.21	89.80	52.84	82.6
France (99)	148.42	+0.0	140.78	115.92	124.41	127.93	+0.5					123.68	127.34	168.75	136.93	151.9
Germany (62)	103.92	-0.6	99.92	82.29	88.31			3.52	145.40	140.44	115.72					
Hong Kong (55)	224.16	+0.3	215.53			88.31	+0.0	2.58	104.56	100.30	82.66	88.33	88.33	129.69	102.20	118.0
Ireland (16)	144.68	+1.8		177,47	190.50	222.82	+0.3	4.02	223.50	214.40	176.68	188.82	222.18	262.28	176.36	178.3
Belu 1791	53.98		139.10	114.54	122.94	126.97	+2.5	4.31	142.18	135.39	112.39	120.12	123.93	173.71	122.98	169.2
Haly (76)		+0.4	51.90	42.73	45.87	61.36	+0.0	3.39	53.78	51.59	42.51	45.43	61.36	80.88	47.47	77.1
Japan (472)	103,41	-0.7	99.42	81.87	87.88	81.87	-0.5	1.03	104.13	99.89	82.31	87.98	82.31	140.95	87.27	134.1
Malaysia (69)	261.35	+0.9	251.28	206.91	222.08	261.05	+1.0	2.54	258.93	248.39	204.66	218.75	258.48	282,42	212.49	215.2
Mexico (18)	1711.42	+2.5	1645.48	1354.97	1454.32	5822.17	+22	1.03	1689.89	1601.92	1319.98	1410.78	5694.57	1789.77	1185.84	1419.9
Netherland (25)	152.24	-0.2	146.38	120.53	129.38	127.61	+0.3	4.46	152.54	146.34	120.58	128,88	127.17	169.70	147.88	153.6
New Zealand (13)	42.06	-20	40.44	33.30	35.74	44.11	-22	4.96	42.91	41.16	33.92	36.25	45.09	48.52	37.39	47.5
Norway (22)	145,42	+0.8	139.82	115.13	123.58	137.82	+1.3	1.75	144.2B	138.41	114.05	121.90	136.11	192.95	128.05	184.4
Singapore (38)	214.96	-0.7	206.68	170.19	182.67	164,49	-0.4	2.00	216.50	207.69	171.14	182.91	165.07	229.63	179,65	223.14
South Africa (60)	147.27	+1.8	141.60	116.59	125.14	157.98	+1.0	3.23	144.72	138.83	114,40	122.28	156.41	263.80	134,21	258.14
Spain (47)	117.99	-0.2	113.44	93,42	100.26	103.91	40.0	5.84	118.24	113.43	93,47	99.90	103.91	161.72	107.10	157.9
Sweden (31)	168,15	-0.3	161.67	133.13	142.89	180.60	+0.0	2.30				142.55	180.60	200.28	149.69	183.9
Switzerland (56)	112.70	- 1.4	108.38	89.23	95.78	103.86	-0.2	2.06	168.73	161.86	133.38	96.56	104.08	122.37	95.99	102.2
United Kingdom (226)	175.06	-0.4	168.31	138.58	148.74	168.31	-0.2		114.28	109.63 168.56	90.34	148.43	168.56	200.07	161,86	183.88
	177.53	+0.0	170.69	140.56	150.87	177.53	+0.0	4.40	175.71						160.92	170.5
								2.88	177,45	170.23	140.28	149.93	177.45	180.06		_
Europe (766)	136.94	-0.4	131.66	108.42	116.37	125.64	+0.0	3.76	137.44	131.85	108.64	116.12	125.62	158.88	131.31	148.1
Nordic (101)	151.91	+0.1	146,06	120.27	129.09	145.18	+0.4	2.06	151.80	145.62	119.99	128.24	144.6D	188.52	141.24	187.6
	108.14	-0.7	103.98	85.62	91.90	87.48	-0.5	1.38	108.90	104,47	86.08	92.00	87.94	141.97	\$3.70	135.67
	119.80	-0.5	115.18	94.84	101.80	102.69	-0.3	2.48	120.45	115.55	95.20	101.75	102.97	145.21	113.80	140.9
	173.66	+ 0.0	166.97	137.51	147.60	172.71	+ 0.0	2.89	173,60	166,53	137,24	146.69	172.65	176.04	158.70	168.47
	114.42	-0.4	110.01	90.61	97.25	102,42	+0.1	3.28	114.83	110.16	90.79	97.03	102.28	132.98	111.33	128.50
Pacific Ex. Japan (243)	154.62	-0.7	148.66	122,44	131.41	144.74	-0.4	3.67	155.72	149.38	123.11	131.57	145.38	175.31	146.06	151.15
Norld Ex. US (1674)	120,95	-0.5	116.29	95.76	102.78	104.80	~0.2	2.50	121.51	116.56	96.05	102.66	105.03	146.91	115.99	142.91
World Ex. UK (1970)	135.67	-0.2	130.45	107.42	115.30	123.13	-0.1	245	135.99	130.45	107.50	114.90	123.26	150.58	127.21	148.04
Norld Ex. So. Af. (2136)	139.14	-0.3	133.78	110.17	118.25	126.78	-0.1	2.86	139.51	133.83	110.29	117.87	126.93	153.05	130.04	150.47
World Ex. Japan (1724)	159.21	-0.1	153.07	126.08	135.31	153,50	+0.0	3.21	159.36	152.87	125.98	134.65	153 45	165.40	151.93	161.62
The World Index (2196)	139.08	-0.2	133.73	110.12	118.20	127.10	-0.1	2.66	139.43	133.75	110.22	117.80	127.24	153,70	130.66	151.17
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#### slipped 39.35 to 5,547.32, as In Osaka the OSE average AUSTRALIA recovered in turnover contracted HK\$1.69bn from HK\$2.27bn. to finished 111.96 up at 18,505.94 in volume of 74.2m shares. late trading as the local currency strengthened against the US dollar. The All Ordinaries HSBC Holdings topped the actives list and retreated 50 index ended 11.2 off at 1,530.9 cents to HK\$56.50, followed by in turnover of A\$309.4m. News Corp remained under pressure following a negative

ahead at Y733 and Takashimaya rose Y17 to Y876. Consumer electronics also

gained on the possibility of increased sales of highdefinition televisions and other audio-visual equipment ahead of the ceremony, which is expected to attract large audiences. The marriage of the present emperor in 1958 created a boom in sales of the then recently introduced colour televisions. Victor was the principal gainer, appreciating Y39 to Y809.

Hotel and restaurant operators rose on speculation that a copy-cat wedding boom could follow the royal engagement. More general hopes of an increase in consumer confidence as a result of the wedding announcement led to early gains in most sectors, but

WEDDING bells in Tokyo failed to lift other markets in the Pacific Rim.

TAIWAN closed 1.7 per cent lower, extending Wednesday's 4.6 per cent drop on continued selling sparked by political ten-sions ahead of a cabinet reshuffle. The weighted index fell 52.88 to a 26-month low of 3.135.56. Turnover was a moderate T\$9.5bn, against

The construction sector lost the most, with Pacific Construction falling T\$1 to T\$20.70. HONG KONG remained weak, sapped by unconfirmed reports of a major placement

HK Telecom, which dipped 10 cents to HK\$9.60. SEOUL rebounded in active

trading as investors, encouraged by expectations of lower interest rates, hunted for bargains. The composite index closed 8.55 higher at 696.96 in turnover of Won822.19bn, compared with Won677.34bn. SINGAPORE blue chips

receded on profit-taking and the Straits Times Industrial index finished 2.51 down at 1,555.71, after a day's high of 1,562.48. Volume fell to 103.9m shares from 135.5m.

Bt72 at Bt1,168. NEW ZEALAND weakened

after a rise in interest rates: the NZSE-40 index ended 3.27 MANILA closed higher for the fourth day as interest in oil

